



**REPORT
OF THE
COMMISSION OF INQUIRY
INTO THE
AFFAIRS OF THE
BHARAT SEVAK SAMAJ**

(VOLUME XV)



Chairman
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**GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE
DEPARTMENT OF COMMUNITY DEVELOPMENT
NEW DELHI
1973**

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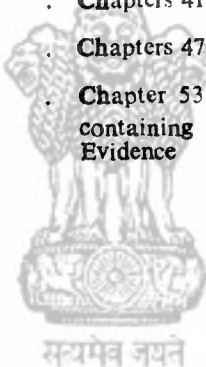
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Chapter 47

WORKING OF THE PRADESH B.S.S.

Working of the Pradesh and District Units of the Construction Service of the Bharat Sevak Samaj

Bharat Sevak Samaj commenced its construction contracts and activities connected therewith with Local Development Works which they executed with the assistance received from the Planning Commission but the accounts of this activity the Samaj has not produced and it is not clear therefore whether the Samaj formed a separate Construction Wing for carrying out the construction work in connection with Local Development Works. It appears, however, that the grants were paid for the Local Development Works as from 1954 and the payments were made direct to the Unit where the works were being executed. In the absence of the earlier records, the mechanism of this construction activity is not clear.

47.2 The Bharat Sevak Samaj started its regular construction activity in January 1955 with the Kosi River Project in Bihar. At the initial stages the Samaj undertook simple earth work like embankments or digging of canals. The construction activities were then extended to Nagārunasagar Project in Andhra Pradesh, the Chambal Valley Project in Rajasthan and the Jamuna Bund, the Okhla Marginal and Shahdara Bunds in Delhi. For the purposes of carrying out the execution of these works, the Samaj formed local committees but the general guidance was given by the Central Bharat Sevak Samaj which had a separate Division for construction work as from July 1955 and the Chief Adviser of the Samaj at that time was Mr. M. D. Mithal who was a retired Member of the Central Water and Power Commission.

47.3 By the year 1958 the Samaj had expanded its construction activities in various States and also at the Centre. Towards the

end of 1958 the Samaj framed a separate constitution for its Construction Service which was its Construction Wing but not a separate body. Under this constitution there were construction units at the Centre, in the States and in the Districts. Their organisation was in accordance with the rules which had been framed in 1959 by the Managing Committee of the Central Construction Unit. According to these rules construction committees had to be recognised by the Central Bharat Sevak Samaj before they could undertake construction activities.

Number of Units recognised

47.4 The record connected with the recognition of the various units have not been produced. As a matter of fact, in spite of the orders of the Commission, the Samaj has refused to produce the minutes of the Managing Committee of the Construction Service, which alone could have shown the number of Units recognised or which Units were recognised and which were not recognised. The available material before the Commission is a document, Exhibit 69, which is a report published by the Bharat Sevak Samaj in October 1963, sub-nominee "Some Facts and Views about the Construction Service". Appendix VI of this document sets out a list of construction committees approved by the Managing Committee of the Central Construction Service. It shows that there were 73 Pradesh and District Committees which had been recognised by the Central Samaj but there is no material to show whether these committees continued to be recognised in the later years or not.

47.5 From the files produced by the various Pradesh Units the Commission has tried to compile information regarding the Units which were recognised and Units which had taken up construction works without recognition from the Central Bharat Sevak Samaj

and this information is given in Table 47-A. This table shows the following :

1. No. of Pradesh Units functioning	20
2. Total No. of District Units recognised by the Central Bharat Sevak Samaj.	59
3. Total No. of District Units (Recognised and Unrecognised) functioning.	62
4. Total No. of District Units which were recognised and which were functioning.	42
5. Total No. of unrecognised District Units functioning and which had taken up construction contracts.	20
6. Total No. of Pradesh and District Units for which no accounts have been produced.	31
7. No. of Units for which accounts have been produced for the complete period of working.	1
8. Total No. of Units for which only for part of the period of their functioning accounts have been produced.	50
9. Total No. of Units whose accounts have been included in the Consolidated Accounts of the Bharat Sevak Samaj Construction Service for the year 1964-65.	29
10. Total No. of Units whose accounts have been included in the Consolidated accounts of the Construction Service of the Bharat Sevak Samaj for the year 1965-66.	32
11. Total No. of Units whose accounts have been produced before this Commission but whose accounts were not included in the Consolidated accounts.	7
12. No. of Units whose accounts were audited (for partial periods).	34
13. No. of Units whose accounts were not audited at all.	17

47.6 From the above mentioned synopsis it appears that :

(i) Out of the Units recognised by the Bharat Sevak Samaj there is no information about 17 Units, i.e., whether they were functioning or not functioning.

(ii) As many as 20 Units which were not recognised by the Central Bharat Sevak Samaj had taken up construction works. The idea behind the recognition of the Units by the Central Bharat Sevak Samaj appear to have been that the composition of the Com-

mittee was to be approved by the Central Bharat Sevak Samaj with a view to seeing the efficient functioning of the Unit and the avoidance of mal-practices. The fact that as many as 20 Units could take up works without even getting any approval from the Central Bharat Sevak Samaj shows that the system was faulty which people could misutilise and to take up works in the name of the Bharat Sevak Samaj pocket the profits for their own personal purposes. The Commission found that unrecognised units were functioning in Rajasthan, Andhra Pradesh, Mysore, Kerala, Himachal Pradesh, Maharashtra, Uttar Pradesh. It also appears that there was no touchstone, which officials could employ to distinguish the recognised from the unrecognised units or the genuine from the base or bogus organisations. Unfortunately the Samaj has not produced before this Commission a complete list of their recognised units or whether they had any machinery to prevent unauthorised persons from representing themselves to be authorised.

(iii) As many as 31 Units have not produced any accounts either before the Central Bharat Sevak Samaj or before this Commission. Therefore, what happened to the funds of those Units—whether they were misutilised or properly utilised or whether any one made personal gains out of the construction works taken up by the Bharat Sevak Samaj. It has not been possible to verify all this from the record produced. It appears that even when the Central Bharat Sevak Samaj tried to get the accounts from some of these units in the year 1966-67 they could not succeed. In other words these Units appear to have been working without the control of the Central Bharat Sevak Samaj.

(iv) Even the accounts of the units produced are not for the entire period of the functioning of the units. In the case of as many as 50 Units the accounts available are only for a part of the periods of their functioning. Particularly after the year 1965-66 there appears to have been a progressive

weakening and avoiding of the controls by the centre and the Pradeshes and in many cases even the whereabouts of the accounts or the books of accounts or of the assets of the units are not known. The Commission has discussed this matter at length while discussing the working of the different Pradesh Units.

- (v) The Central Bharat Sevak Samaj could collect only the accounts of as many as 20 Units for their Consolidated Accounts for 1964-65 and only of 32 Units for the Consolidated Accounts for the year 1965-66. After 1965-66 whatever accounts were received by this Commission from the Pradesh Units direct and the Central Bharat Sevak Samaj did not even know of the existence or the whereabouts of the State Units.
- (vi) Another defect was that out of the accounts produced as many as 17 accounts were not audited at all and in the absence of audited accounts not much reliance can be placed on the figures shown in those accounts. Even in respect of the other Units the accounts are audited only for a part of the period of their functioning except in the case of the Punjab Unit, accounts of which were audited right up-to-date. It is surprising that a public organisation like the Bharat Sevak Samaj could not have considered it necessary to have the accounts of those units properly audited and this was all the more necessary because the scope for misuse of funds was considerable in the matter of these construction contracts involving large amounts.

Value of work taken up by the Pradesh and District Units

47.7 According to the information made available to the Commission the total number of works taken up by the different units of the Pradesh and District Units both recognised and unrecognised was 2,122 and the value of the contracts Rs. 8,48,21,423.29. The details of those works are given in Table 47-B. Out of these works accounts have been produced before this Commission for only 1,601 works but the accounts of these works

are also not for the entire period of working of the contracts, in many cases, and the value of the work included in those accounts is only Rs. 4,30,07,220.60. The financial results in respect of those 1,601 works as available in the accounts produced show a net loss of Rs. 6,93,003.35.

47.8 In the consolidated accounts for the years 1964-65 and 1965-66 the value of the works taken up by the Pradesh and District Units included therein was Rs. 1,77,15,578.67 and in respect of these units a net profit of Rs. 1,34,364.67 was shown. Obviously in the later years many of these units suffered losses and these profits were wiped out. The latest accounts show a net loss of Rs. 6,93,003.35 for the different Units.

47.9 The reasons for the losses incurred by the different Units have been discussed at great length in the Chapters relating to the different Pradesh Units. The main factors leading in these losses were—

- (1) Mis-management;
- (2) Letting out of the works to sub-contractors; and not enforcing the rates settled with the sub-contractors;
- (3) Absence of any control over material and labour costs;
- (4) Non-maintenance of the accounts of the receipt, issue or balances of the materials.

47.10 Another fact to be mentioned at this stage is that even the losses mentioned above were not the final figures. Many of the Unit have shown certain assets like equipments or machinery or advances given to piece-workers and workers of the Bharat Sevak Samaj. But the correctness of the value of these assets is not undoubted. Was the valuation of the machinery etc. correctly given or what was the correct amount of advances to "piece-workers" and others and how much was recovered therefrom? By the lapse of time during which these advances have been shown unrealised makes their recovery doubtful if not impossible. In the most likely event of non-recovery of these outstandings the losses will swell up. The Commission has dealt with these advances at some length while discussing the working of the Pradeshes.

Concessions given by the various State Governments to their Pradesh Units and District Units

47.11 On the basis of instructions issued by the Ministry of Irrigation & Power and the Planning Commission various State Governments issued orders giving various concessions to the Bharat Sevak Samaj in the matter of allotment of construction contracts. Briefly stated these concessions were—

- (i) Exemption from payment of earnest money and security deposit.
- (ii) Payment of initial advance at the beginning of the work up to 1/4th of the value of the contract.
- (iii) Allotment of works to the Bharat Sevak Samaj on the basis of negotiated rates without going through the procedure of calling tenders for contracts etc. (This concession was not given by all the States but only by some of the States.)
- (iv) Allotment of works up to certain monetary limits to the Bharat Sevak Samaj at scheduled rates or at certain fixed rates.

47.12 Besides these concessions the Planning Commission also sanctioned loans to the various Pradesh Units of the Bharat Sevak Samaj on the recommendation of the State Governments through the State Governments. The total loans so sanctioned in favour of 10 Pradesh Units amounted to Rs. 36,50,000 but out of this Rs. 50,000 though sanctioned to the Orissa Pradesh Bharat Sevak Samaj was actually not released. Out of these loans sanctioned Rs. 23,84,968.74 plus interest have not been repaid by the different units of the Bharat Sevak Samaj. The details of these units have been given in Table 47-B already referred to. From the affidavits filed by the various State Governments, it appears that there are no prospects of recovering these amounts as the State Units concerned are reported to have no assets. The State Governments also did not obtain any security from the Bharat Sevak Samaj or the persons in charge of the affairs of the Bharat Sevak Samaj on the specific direction of the Planning Commission.

47.13 As mentioned in an earlier paragraph the State Governments also sanctioned initial advances upto 1/4th of the value of the contracts to enable the Bharat Sevak Samaj to take up the work and out of the advances given by the State Governments as much as Rs. 23,32,632.02 remains to be repaid by the various units of the Bharat Sevak Samaj. The details of these amounts are given in Table 47-B, already referred to. From the affidavits filed by the State Governments, it appears that there are no prospects of recovering these amounts due from the various units of the Bharat Sevak Samaj.

47.14 Thus it appears that the experiment of public co-operation in the matter of entrusting construction contracts to the Bharat Sevak Samaj has cost the various Governments very dearly. Out of the loans and advances given to the Bharat Sevak Samaj as much as Rs. 47,17,600.76 plus interest remains to be recovered from the different units of the Bharat Sevak Samaj and as the prospects of the recovery of these amounts are bleak these amounts may ultimately have to be written off. The chances of recovering the whole amounts do not appear to be bright as indicated by the Balance Sheets of the different Units.

Not showing in full of the amounts paid by the different Units of the Bharat Sevak Samaj

47.15 There is another vice in the accounts of the different units of the Bharat Sevak Samaj which may be mentioned. This Commission had asked the various State Governments to state the amounts paid to the Bharat Sevak Samaj on account of the different contracts taken up by them with a view to finding out whether the Bharat Sevak Samaj had accounted for all the amounts paid by the State Governments for the contracts. Unfortunately some of the State Governments have not been able to give information in respect of all the works entrusted to the Bharat Sevak Samaj.

47.16 From the information made available to the Commission it appears that for the Works for which Public Works Department has been able to furnish the figures the payments made amounted to Rs. 6,70,176,930.61 the amounts shown in the Accounts produced by the recipients in respect of those

works amounts to Rs. 4,30,07,220.60 only, the details of the units have been given in Table 47-C annexed. In regard to the balance either the accounts have not been produced or in the accounts produced the receipts have not been fully accounted for. The amounts not accounted for comes to Rs. 2,40,69,710.01. Out of this a major part pertains to the Kosi Project where according to the reports of the Bharat Sevak Samaj itself the value of work done should have been Rs. 2,26,09,753.81 whereas accounts have been produced only for three years i.e., for the year 1963, 1964 and 1965 and the value of work done shown in those accounts comes to only Rs. 40,51,184.61. No accounts have been produced for the balance of Rs. 1,85,58,569.20. The Samaj has taken the stand before the Commission that the accounts of the Kosi Project are outside the jurisdiction of this Commission. The Commission has discussed the question of jurisdiction at another place but suffice it to mention here that it is rather surprising that a society registered under the Societies Registration Act should have had no accounts for such large amounts. This is irrespective of whether this Commission can examine those accounts or not. This evidence on the record of the Central Bharat Sevak Samaj also shows that they could not obtain the accounts of the Kosi unit even in 1962 or later. If the Central Samaj claims credit for Kosi works it should at least possess complete accounts.

47.17 The absence of any accounts for such amounts as Rs. 2,40,69,710.01 out of the amounts received by the various units of the Bharat Sevak Samaj is no credit to the working of their Construction Service. The claims made by the leaders of the Bharat Sevak Samaj that the accounts and method of working of the Construction Service was subject to public scrutiny, therefore, stands disproved.

47.18 The absence of proper accounts may cast very serious doubts on the funds having been properly utilised. The absence of these accounts makes it difficult to verify the claims of the Bharat Sevak Samaj about the proper utilisation of the moneys. And there has

been so much criticism of the working of Kosi both in the Parliament and the Bihar Legislative Assembly, on the correctness or otherwise of which this Commission expresses opinion.

Delay in the execution of work by the Pradesh Units

47.19 This Commission had tried to obtain from the State Governments the files relating to the contracts to find out how far the claim of the Samaj that the entrustment of work to the Samaj resulted in speedier execution of works and the quicker enjoyment of the benefits of the schemes by the people. Unfortunately information in respect of all the works could not be obtained but from the information available the picture that emerges is as follows :

- | | |
|---|-----|
| (i) Number of works taken up by the Bharat Sevak Samaj completed in time. | 126 |
| (ii) Number of works which were completed after delay. | 417 |
| (iii) Number of works cancelled due to Samaj leaving them incomplete. | 286 |

The details are given in the Table 47-D.

47.20 Due to the special favour shown to the Bharat Sevak Samaj the records show that the Samaj was virtually exempted from payment of any penalty for delayed completion and even in cases where the works were cancelled and got executed through other agencies in many cases the difference which would otherwise have been recovered from the defaulting contractors were not recovered from the Bharat Sevak Samaj.

47.21 The extent of financial implication of the special concessions shown to the Bharat Sevak Samaj cannot be worked out for want of necessary information. But one thing is clear that there is not much support for the claim of the Samaj that their entry into the construction field helped in the speedier completion of the projects or subserved the interest of the tax-payer. All these instances have been discussed at great length in the Chapters relating to different Pradeshes.

Table 47-A

...
Distt. Units 1	Pradesh 1	Distt. Units 1	Pradesh 1
Distt. Units 2	Pradesh 1	Distt. Units 2	Pradesh 1
3	3	3	3



-5 Dept. of Cons. Dev. 17

Table No. 47-B-Contd.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
					(Construction of accommodation for A.C.C. Quarter)													
				1	85,72.00	1	(vi) Construction of Residential Buildings & Surveys	151.45 to 102.46	Unaudited	17.50	..	10,686.08	Yes in 1955-56	49,77.5	..	10,686.08	..	10,694.00
				1	3,79,14.46	..	..	..	..	..	..	..	..	..	..	..	..	..
				1	64,04.50	..	..	..	..	..	..	..	..	..	..	..	..	..
				11	24,25,96.56	9	..	..	..	..	..	25,658.45	..	49,77.	1,49,126.32	..	..	1,67,861.53
(iii) District Office:																		
				1	35,450.00	1	1/55 to 12/56	Unaudited	1-30	..	3,736.74	No.	..	..	..	..	..	985.00
				31	6,00,495.07	1	15-65 to 49-54 (for different periods)	Do.	5-11	9,881.62	8,568.25	Yes in the consolidated accounts for the period ending 31-3-1965.	62,415	1,313.37	..	..	..	18,709.08
				1	25,000.00	1	Not available	Do.	1-00	..	1,118.97	Do.	..	..	..	..	..	736.00
				6	1,30,126.00	2	29-63 to 30-65	Do.	1-00	..	4,218.60	Yes, in the consolidated accounts for the year 1965-66.	46,298	..	4,218.60	..	..	2,780.00
				10	12,48,537.00	5	13-63 to 18-1-65 (for different periods)	Do.	1-00	8,584.94	7,609.11	Do.	60,271	975.83	..	..	..	21,136.66
				10	4,22,337.00	10	1959 to 30-3-67 (for different periods for same work)	Do.	..	17,450.88	16,149.30	Do.	87,219.4	223.54 (of two works only)	..	..	..	..
Units for which no account have been produced:																		
				11	78,866.00	..	..	..	..	..	..	..	..	..	..	..	..	..
				1	41,762.00	Do.	..	..	..	..	..	..	..	..	..	..	..	..
				9	2,28,322.00	Do.	..	..	..	..	..	..	..	..	..	..	..	..
				1	8,250.00	Do.	..	..	..	..	..	..	..	..	..	..	..	..
				30	3,38,029.00	Do.	..	..	..	..	..	..	..	..	..	..	..	..
				18	80,565.00	Do.	..	..	..	..	..	..	..	..	..	..	..	..
				2	79,895.00	Do.	..	..	..	..	..	..	..	..	..	..	..	..
				31	33,38,943.07	35	..	..	..	3-99	35,917.44	..	2,56,204	2,512.74	4,218.60	..	..	68,566.49
				216	1,08,40,440.03	48	..	..	..	8-12	84,967.88	..	21,55,940.	3,84,396.90	2,54,94,514	7,00,000.00	7,21,552.00	2,84,667.86
Grand Total of Vijaynagar, Tripur, Andhra Pradesh B.S.S. Construction Service																		
				4	11,52,600.00	4	For the period ending 1964-65 to 3/69	Audited	31-27	40,414.79	..	..	The accounts for the period ending 31-3-63 to 1965-66 were included in the consolidated accounts for 1965-66.	64,312.86 (Up to 1965-66)	..	2,00,000.00	..	..
				4	11,52,600.00	4	..	..	31-27	43,414.79	..	..	..	64,312.56	..	2,00,000.00	..	..
2. Punjab Pradesh Construction Service																		
				4	11,52,600.00	4	..	..	..	..	..	..	..	..	..	..	..	..
				4	11,52,600.00	4	..	..	..	..	..	..	..	..	..	..	..	..

19,851-14(Including interest)

184,36

4,186,25

..

..

..

..

..

..

..

..

4-5 Dept. of Com. Dev. / 7

Total to (18) - Contd.																		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)	(xvi)	(xvii)	(xviii)	(xix)
7 Major Shareholder Committee - Registered	1964-65 to 1970-71	103	51,146-25	103	51,146-25	103	1964-65 to 1970-71	Audited	31,74,704-04	1,74,704-04	..	Yes, in the Consolidated accounts for the period ending for 1964-65 and 1965-66	17,11,881-19	2,42,183-94	..	1964-65 } 3 lakhs	2,80,000-00	40,533-00
		103	51,146-25	103	51,146-25	103			31,74,704-04	1,74,704-04	..		18,82,913-92	2,62,600-18	..	3 lakhs	2,80,000-00	40,533-00
8 Gujarat Pradesh Construction Service	1964-65	75	92,22,000-41	40	74,190 to 31-3-67	Do.		Do.	67,20,400-00	2,02,204-00	2,88,196-30	Profit and Loss Account for the period 7-11-60 to 31-7-64 and 1-8-64 to 31-3-65 including Melsana and Sahar Kantha included in the Consolidated accounts for the period ending 31-3-65	4,06,768-18	18,791-81	..	6,00,000-00	3,01,905-38	6,075-85
		75	92,22,000-41	40	74,190 to 31-3-67	Do.		Do.	67,20,400-00	2,02,204-00	2,88,196-30	(Net loss 85,766-66)	2,41,031-81	23,630-75	..	6,00,000-00	1,05,174-96	4,07,080-34
		75	92,22,000-41	40	74,190 to 31-3-67	Do.		Do.	67,20,400-00	2,02,204-00	2,88,196-30	(ii) Account for the period ending 31-3-66 including Melsana and Sahar Kantha included in the Consolidated Accounts for 1965-66	6,47,799-99	42,422-56	..	6,00,000-00	4,07,080-34	6,075-85
9 A. P. R. P. S.	1964-65	16	3,65,995-00	14	25-11-62 to 31-3-64 of P. R. S. No. 10000 produced in respect of Major Public Quarters.	Do.		Do.	17,34,067-71	..	1,43,027-18	Profit and Loss Account of Pradesh Unit (C-001) Chitr, Bharadpur and Jhunjhara from 25-11-62 to 31-3-66 and Balance Sheet as on 31-3-66 included in Consolidated Accounts for 1965-66	17,36,416-27	..	1,43,027-18	3,00,000-00	2,59,000-00	Not available
		16	3,65,995-00	14	25-11-62 to 31-3-64 of P. R. S. No. 10000 produced in respect of Major Public Quarters.	Do.		Do.	17,34,067-71	..	1,43,027-18	Not included.	17,36,416-27	..	1,43,027-18	3,00,000-00	2,59,000-00	Not available
DISTRICT OFFICES:																		
(i) Adampur	1964-65	15	6,57,038-00	15	1-4-1968 to 31-3-1968	Unaudited		Unaudited	1,20,114-66	2,40,000-00	..	Not included in the Consolidated accounts. Included in the Consolidated accounts
		15	6,57,038-00	15	1-4-1968 to 31-3-1968	Unaudited		Unaudited	1,20,114-66	2,40,000-00	..	Included in 1964-65	785-93
		15	6,57,038-00	15	1-4-1968 to 31-3-1968	Unaudited		Unaudited	1,20,114-66	2,40,000-00	..	Included in the Consolidated accounts for 1965-66	1,570-30
		15	6,57,038-00	15	1-4-1968 to 31-3-1968	Unaudited		Unaudited	1,20,114-66	2,40,000-00	..	Included in the Consolidated accounts for 1965-66	2,356-23
(ii) Chitr	1964-65
(iii) Bhadrachalam	1964-65
(iv) Bhadrachalam	1964-65
(v) Bhadrachalam	1964-65
(vi) Bhadrachalam	1964-65
(vii) Bhadrachalam	1964-65
(viii) Bhadrachalam	1964-65
(ix) Bhadrachalam	1964-65
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(xlvii) Bhadrachalam	1964-65
(xlviii) Bhadrachalam	1964-65														

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TABLE 47-B-Contd.

TABLE A-2-Contd.																		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
12. Expenditure																		
(i) Treatment	Received	1962-1967	7	3,79,319-00	7	1962-64 to 1965-66		Audited	2,14,798-20	27,800-90	..	No. of accounts included : 1964-65 7 1965-66 5 1964-65 19 1965-66 11 1964-65 .. 1965-66 .. 1964-65 17 1965-66 12	1,12,518.67 1,54,903.63 2,34,617.28 54,381.80 .. 24,839.24 1,86,837.00 37,138.24 ..	25,817.99 20,400.94 .. 1,878.59 .. 430.95 7,611.22 1,843.37 1,202.14	
(ii) Quilms	Received	1962-1967	51	6,77,529-00	36	1962-64 to 1965-66		Audited	3,85,683-88	..	4,820-00
(iii) Kachiyam	Received	1962-1967	21	4,91,704-00	18	1962-64 to 1965-66		Audited	1,78,562-02	2,635-63
(iv) Alkery	Received	1962-1967	57	6,52,301-00	31	1962-64 to 1965-66		Audited	3,81,105-80	32,646-71
(v) Vashishat Mathbhogam	Unrecorded	..	2	No information available	11,99,929-90	63,105-24	4,820-00	71	8,05,235.86	57,983.06	1,202.14
13. Others :																		
(i) Construction of Tankamru at Chitruk under Sam Chandra Scheme	Received	1962-64 to 1965-66	4	Not available	4	For the period ending 31-3-65 1965-66		Audited	32,491-37	..	6,789-88	Yes	32,491.37	..	6,789.88
(ii) Construction work at Kashi Bhairava Project	Received	Not available	..	For the period ending 31-3-65 1965-66		Audited	71,727-00	..	19,590-60	1965-66	71,727.00	..	19,590.60
(iii) Druck Kila at Baidyachalan	Received	Not available	..	For the period ending 31-3-65 1965-66		Audited	1,04,218-37	..	26,380-48	Yes	19,885.00	..	369.04
(iv) Druck Kila at Nayabai	Received	Not available	..	For the period ending 31-3-65 1965-66		Audited	19,835-00	..	369-04	Yes	5,796.00	..	2,080.06
Rs. 50,000.00 sanctioned but not paid.																		
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TABLE 47-C
(Referred to in Para 47-14)

Sl. No.	Name of the Pradesh	Amount paid by Public Works Department/ Contractor for work done	Amount received as per accounts	Difference
1	2	3	4	5
1	Andhra	1. Nagarjuna Sagar Project (Amount intimated by Public Works Department is Rs. 31,14,842.72 hence accounts figures taken in this column.) 32,12,339.99	32,12,339.99	..
	2. Andhra Pradesh Construction Service			
	(i) Tirumala Tirupati Devasthanams	475,665.16	2,77,043.85	1,98,621.31
	(ii) Metal Crushing Work	..	..	..
	(iii) Pradesh Unit	13,320.00	13,320.00	..
	(iv) Construction of Bridge	63,336.00	45,042.49	18,293.51
	(v) Construction of Approach Road	12,156.00	..	12,156.00
	(vi) Construction of Residential Quarters at Suryapet (No information available from Public Works Department hence accounts figures taken).	49,777.50	49,777.50	..
	3. District Units			
	(i) East Godavari	25,133.00	21,829.30	3,307.70
	(ii) Medak	3,33,045.45	62,415.11	2,70,630.34
	(iii) Anantapur	564.00	564.00	..
	(iv) West Godavari (Amount intimated by Public Works Deptt. is Rs. 44,708.00 hence account figures taken in this column).	46,298.00	46,298.00	..
	(v) Mahbubnagar	6,56,721.67	60,272.00	5,96,449.67
	(vi) Adilabad	5,45,965.88	5,45,965.88	..
	4. Other works for which no accounts were available	5,69,473.04	..	5,69,473.04
		60,03,795.69	43,34,868.12	16,08,927.57
2	Punjab	No information available (Hence figures taken as per A/cs in this column i.e. Rs. 12,79,681.27).	12,79,681.27	..
		12,79,681.27	12,79,681.27	..

1	2	3	4	5
3 Himachal Pradesh	(i) Sirmaur . . .	1,59,254.43	65,633.36	93,621.07
	(ii) Mandi . . .	64,792.12	(No A/cs produced)	64,792.12
	(iii) Bilaspur . . .	19,034.00	Do.	19,034.00
	(iv) Himachal Bharat Sevak Samaj . . .	10,385.65	Do.	10,385.65
..		<u>2,53,466.20</u>	<u>65,633.36</u>	<u>1,87,832.84</u>
4 Mysore . . .	(i) Mysore Pradesh Construction Service	4,53,066.76	4,53,066.76	..
..	..	(As the figures of receipts for the works entrusted by Mysore State Road Transport Corporation and Mysore Housing Unit have not been supplied A/c figure have been taken in this column. The Public Works Department figures is Rs. 2,60,377.65 for 7 works)	(i)	..
..
	(ii) Dharwar Construction Committee	45,446.00	26,675.94	18,770.06
	(iii) Belgaum Distt. Construction Committee	92,617.00	..	92,617.00
	(iv) Gulberga . . .	26,173.20	..	26,173.20
		<u>6,17,302.96</u>	<u>4,79,742.70</u>	<u>1,37,560.26</u>
5 Madras . . .		3,96,408.08	3,64,547.68	31,860.38
..		3,96,408.06	3,64,547.68	31,860.38
6 Assam . . .	Hallakandi	76,277.00	1,900.67	74,376.33
		76,277.00	1,900.67	74,376.33
7 Manipur . . .		39,74,702.04	39,74,702.04	..
		(Figures for Accounts for 103 works taken as the Public Works Deptt. figures are for 93 works Rs. 28,77,591.95)		
		<u>39,74,702.04</u>	<u>39,74,702.04</u>	<u>..</u>
8 Gujarat . . .		70,45,333.00	67,39,545.69	3,05,787.31
		70,45,333.00	67,39,545.69	3,05,787.31

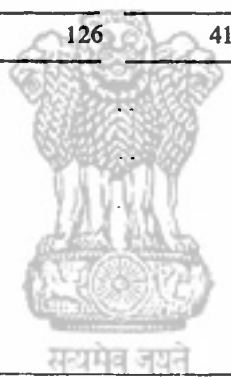
1	2	3	4	5
9 Rajasthan	(i) Pradesh Bharat Sevak Samaj Jaipur & Distt. Units.	22,25,676.55 (Figures of Accounts taken as Public Works Deptt. figures are not available).	22,25,576.55	..
	(ii) Chambal .. .	21,95,666.42 (Figures for irrigation Works Supplied by Public Works Deptt. is Rs. 19,95,699.00 hence, account figures taken in this column).	21,95,666.42	..
		<u>44,21,242.97</u>	<u>44,21,242.97</u>	<u>..</u>
10 Maharashtra		1,11,96,479.87 (Account figures taken as figures supplied by Public Works Department is only Rs. 1,07,79,944.70)	1,11,96,479.87	..
	(ii) Railway Units of Bharat S. Samaj	1,68,929.46	1,34,322.70	34,606.76
	(iii) Nasik Unit	37,084.00	..	37,084.00
		<u>1,14,02,493.33</u>	<u>1,13,30,802.57</u>	<u>71,690.76</u>
11 Goa		4,99,297.09 (No information supplied by Public Works Department, hence accounts figures taken in this column.)	4,99,297.09	..
		<u>4,99,297.09</u>	<u>4,99,297.09</u>	<u>..</u>
12 Kerala State	(i) Trivandrum	3,94,342.00	2,14,798.20	1,79,543.80
	(ii) Quilon	3,85,463.88 (No information supplied by Public Works Department hence accounts figures taken in this column.)	3,85,463.88	..
	(iii) Kottayam	1,78,562.02 (The Public Works Department has supplied information for 7 works only and shown payment of Rs. 68,429.89, hence account figures taken in this column.)	1,78,562.02	..
	(iv) Allepey	3,81,105.80 (The Public Works Department has supplied information for 62 works & shown payment of Rs. 3,69,945.00 hence account figure taken in this column.)	3,81,105.80	..
		<u>13,39,473.70</u>	<u>11,59,929.90</u>	<u>1,79,543.80</u>

1	2	3	4	5
13 Orissa	4,21,013.13 (Public works Department figures not available, hence account figures taken in this column.)	4,21,013.13	..	
	4,21,013.13	4,21,013.13	..	
14 Delhi	15,45,062.00 of 6 works only	11,63,156.32	3,91,895.68	
	15,45,052.00	11,53,156.32	3,91,895.68	
15 Bihar	(i) Gandhak Project (ii) Bhatnar District N.E.F. Railway Eastern Railway North-East Railway (iii) Hazaribagh District (iv) Kosi Project (v) Bihar Pradesh	3,11,093.35 (Accounts figure taken) 21,98,319.00 1,18,185.00 1,03,376.88 24,19,880.88 42,953.39 2,26,09,753.81** 41,785.00 2,54,25,466.43	3,11,093.35 .. 42,953.39 40,51,184.61 .. 44,05,231.35	.. 24,19,880.88 .. 1,85,58,569.20 41,785.00 2,10,20,235.08
**As per Central B.S.S. Construction Service pamphlet of Oct. 1963, "some facts and views about participa- tion in construction projects of the Nation and the Programme and approach for the future".				
	Work executed in Kosi & Rly. embarkments	2,00,00,000.00		
	Less work done in Rly. Units (figures compiled from ledgers of Katihar Rly. Unit upto 31-12-63)	14,41,430.80 1,85,58,569.20		
	Add volume of work done as per accounts from 1962-63	40,51,184.61 2,26,09,753.81		
16 Uttar Pradesh	23,75,925.74 (P.W.D. figures not avail- able hence account figures taken in this col.)	23,75,925.74	..	
	23,75,925.74	23,75,925.74	..	
17 West Bengal	Not available	Not available	..	
18 Jammu & Kashmir	"	"	..	
19 Madhya Pradesh	"	"	..	
	6,70,76,930.61	4,30,07,220.60	2,40,69,710.01	

TABLE 47-D
(Referred to in Para 47-17)

Sl. No.	Name of the Unit	Number of works completed in time	Number of works in which delays were there	Number of works cancelled/left income price	Remarks
1	2	3	4	5	6
A. Pradeshes					
1	Andhra Pradesh	14	53	149	
2	Punjab . . . . .	..	3	1	
3	Himachal . . . . .	..	8	1	
4	Mysore	2	17	1	No information in respect of 1 work at Coorg available. Total works including the work at Coorg—21.
5	Madras. . . . .	..	3	1	
6	Assam. . . . .	..	2	..	
7	Manipur . . . . .	..	77@	26	@The break-up of works completed in time or late not available.
8	Gujarat	14	37@	8	@Information about 16 works out of 75 works not available. The break-up of works completed in time or late not available.
9	(i) Rajasthan (Pradesh)	4	8	4	
	(ii) District Units	No information is available in respect of 33 works taken up by District Units.			
	Chambal . . . . .	..	137@	16	@The break-up of works completed in time or late not available.
10	Maharashtra Pradesh . . . . .	..	39	..	
	(ii) B. S. S. Railway Unit Bombay . . . . .	..	2	3	
	(iii) Nasik Unit . . . . .	..	..	6	
11	Goa	4	..	1	The break-up of works completed in time or late not available.
12	Kerala	80@	..	32	Whether works were completed in time is not known. No information available in respect of rest of the 72 works.
13	Orissa	Information about 4 works is not available			
14	Delhi	1	8	..	No information in respect of 6 completed works is available.

1	2	3	4	5	6
15 Bihar					
(i) Gandhak Project District Construction Committee	Not available	Not available	Not available	} No information in respect of the rest of 1,114 work is available	
(ii) Katihar Distt. Construction Committee	7	19	1		
(iii) District Construction Committee Hazaribagh	Not available	Not available	Not available		
(iv) Kosi Project Construction Committee	Do.	Do.	Do.		
	7	19	1		
16 Uttar Pradesh	No information is available in respect of 52 works				
17 West Bengal	Ditto.				
18 Jammu & Kashmir	Ditto.				
19 Madhya Pradesh	4	36			
Total Pradesh	126	417	286	Total 829	No. of works for which no information is available—1,289
					Gujarat 16, Rajasthan 33, Kerala 70, Bihar 1,114, Uttar Pradesh 52 & Orissa 4.



Chapter 48

ADVANTAGES CLAIMED FOR B.S.S.

Advantages claimed due to the participation of the Bharat Sevak Samaj in construction activities.

In his statement before this Commission Mr. G. L. Nanda who has held charge of the various Union Ministries and was the Chairman of the Bharat Sevak Samaj has emphasised the claim of the Samaj for starting the Construction Service of the Samaj for helping in augmenting the income of its social activities and even took pride in the benefits it brought, it becomes necessary to examine the validity of the claim in some detail.

48.2 The Bharat Sevak Samaj was inducted as an agency for execution of construction works for the first time in the Kosi River Project. The Samaj there was to organise public cooperation—(i) to create an atmosphere for speedy execution of the work and (ii) to help in the execution of the project by mobilising labour in larger number on payment of the usual wages and also by organising a volunteer force which was either not to receive any payment or receive just the cost of daily rations. In either case the objective was to eliminate the contractor with a profit motive and the work was to be directly supervised by the Department with the help of public representatives. The participation of the Bharat Sevak Samaj in this public cooperation scheme in the Kosi Project started towards the end of 1954. The Samaj then extended its operations to some other projects like Nagarjunasagar in Andhra Pradesh, Chambal in Rajasthan, Jamuna bund, Chikla bund etc. in Delhi and some other places.

48.3 On September 9, 1957 a note was prepared by the Ministry of Irrigation and Power for the consideration of the Coordination Board of the Ministers of Irrigation and Power of the Union and the State Governments and in this note which was circulated

to the State Governments etc. on November 30, 1957, the advantages of executing major projects like Kosi through public cooperation were enumerated as follows :—

- (1) Gives employment not only to landless labourer but also to the agriculturists, who during most of the year, are idle and unemployed. When work is done through contractors only professional labour is attracted and there is a certain amount of exploitation.
- (2) The work is executed at a cheaper rate, as the middleman's profit is eliminated.
- (3) It eliminates graft and other corrupt practices.
- (4) The worker is employed more or less continuously and gets more for his work through this method than through the contractors.
- (5) The method creates a feeling of national pride amongst people, works up their enthusiasm and instils a spirit of self-confidence.
- (6) Construction of public works with their own hands brings home to the people a realisation that the Plan is their own and for their benefit.
- (7) It builds up inspiration and faith in the government's *bona fides* and plans on the one hand, and in the people's capacity for self-improvement on the other.
- (8) It ensures better progress of work and expedites the enjoyment of benefits of the project.
- (9) It steadily brings down the social barrier, as people of all classes work shoulder to shoulder.
- (10) It ensured the achievements of targets laid down in the second Five Year

Plan, which was not be possible through the normal agency of contractor who are not fully equipped and who cannot draw people of all classes to work under them.

48.4 On the basis of this note the Ministry of Irrigation and Power "commended" to the State Governments to allot construction contracts to the Bharat Sevak Samaj and also to extend to it concessions like advance payments, allotment of works on prevailing schedule rates without calling for tenders and the exemption from payment of earnest money or security. Pursuant to this the various State Governments issued orders accordingly and also gave concessions.

48.5 In a meeting of the Planning Commission on the August 21, 1958 the Minister for Planning (Mr. G. L. Nanda) pointed out that (1) since the Bharat Sevak Samaj and other voluntary organisations aimed at social service and not at profit making it was likely that a saving in cost would be effected and (2) whatever savings accrued to the Samaj would again be applied for promotion of social welfare activities.

48.6 The Samaj in December, 1958 formed a Construction Service in order to take up the execution of construction contracts. On the March 5, 1959 while addressing the 6th All-India Bharat Sevak Samaj Convention held at Bhilwara in Rajasthan the Planning Minister (Mr. G. L. Nanda) explained the objectives of the Bharat Sevak Samaj entering the construction field as follows :—

- (1) To mobilise and make full and efficient use of voluntary services of the people in construction projects and local development works in rural and urban areas.
- (2) to ensure the observance of satisfactory standards of work and workmanship in construction;
- (3) to secure and promote honest dealings in the working of the construction industry;
- (4) to raise the level of efficiency of the construction industry;
- (5) to develop the cooperative spirit and organisation among the construction workers and to improve their living and working conditions;

(6) to raise resources for the activities designed to promote the economic and social well-being of the people in rural and urban areas;

(7) to take all such steps as are necessary for the fulfilment of the aforesaid objective.

It is high social ends which the construction activity has to serve, and the raising of resources for the work of the Samaj is not a prominent consideration; yet, in the present conditions, it should be availed of, as much as possible, as a welcome supplementary source of income.

The ideal—In the end, I have only to reiterate the earlier plea that any person who represents the Bharat Sevak Samaj anywhere and any work that is done in its name must reflect the ideals and the spirit which, as we claim, animates this organisation. We may rather stay back and do nothing, than sacrifice the ideals or compromise with the principles which we have accepted."

48.7 The thinking of the Planning Minister in this connection was further amplified when he addressed the meeting of the Sub-Committee of the Coordination Committee on Public Cooperation in the Planning Commission on March 13, 1961 where he said :—

"2.3 The objectives to be served by using an organisation like the Bharat Sevak Samaj for executing construction programme undertaken by the Government were far wider than the mere elimination of the contractor. It was visualised that by this process there could be substantial relief to the government of its responsibility for finding finances for a considerable portion of social welfare work. In the context of a socialist economy which they were trying to develop, it was essential that close association of the people should be felt in almost every sector. It was for these reasons that it was necessary to encourage voluntary organisations taking up Construction Programme. They have to be viewed as auxiliary agencies available to public sector like the National Projects Construction Corporation, and the

National Buildings Construction Corporation. While there should be no undue consideration shown to these organisations their initial deficiencies and weaknesses should not be made a reason to discourage them.

2.4 In view of these consideration, *Shri Nanda* felt that it would be invidious to equate these organisations with the contractors, when the rates for works, to be entrusted to them, were determined. Contractors with a large number of works might be in a position to even out their profits. But in the case of organisations, like the Bharat Sevak Samaj such a thing might not be possible. It should, therefore, be ensured that the rates given were *prima facie* workable. Another consideration which should be borne in mind was that this was as much a public agency whose methods of work, accounts, etc. were open and available for close scrutiny by the officials. Officials should also advise these organisations as to how they should function. A third consideration arose because these organisations were receiving loan assistance from the Government and it was as much the responsibility of official agencies entrusting works to them, to ensure that these loans were properly utilised and repayments were made in time".

48.8 The Planning Minister (Mr. G. L. Nanda) was particularly solicitous about the Bharat Sevak Samaj and he expected the engineers and officials of the Government to extend sympathy and adopt a helpful attitude towards the Bharat Sevak Samaj. This is clear from a note he sent to the Housing Minister on the September 14, 1959. In that note Mr. Nanda *inter-alia* said :—

"It is not proper to treat it at par with the contractors who work for private profit and who very often indulge in a variety of mal-practices. The Bharat Sevak Samaj Construction Service is a public institution and is entitled to as much as a corporation which may be set up by the Government for the discharge of similar function. If there are any deficiencies in the organisation of the services, every effort should be made by the Bharat Sevak Samaj to remove them

and at the same time the Government Departments concerned should lend a helping hand."

48.9 The speech of Mr. G. L. Nanda and his note show that advantages envisaged by the induction of the Bharat Sevak Samaj were mainly the following:

- (i) The elimination of the contractors and consequent elimination of the middleman's profit. It was claimed that the workers would be employed and paid for the work done directly by the Bharat Sevak Samaj so that no part of the payments would go to middleman.
- (ii) Giving employment not only to landless labourers but also to the agriculturists who during most of the year remained idle and unemployed. It was claimed that when work was done through contractors only professional labour was attracted and there was a certain amount of exploitation.
- (iii) Elimination of graft and corrupt practices. It was claimed that unlike the private contractors the Bharat Sevak Samaj Construction Service was a public institution and was subject to public scrutiny and, therefore, there was no chance of corruption or malpractices.
- (iv) Samaj a sense of participation to the better employed as they would be targets for a voluntary organisation and not for private contractors.
- (v) The Bharat Sevak Samaj participation ensured better progress of work and also expedition. It ensured better achievements of the targets of the Plan whereas the contractors were not fully equipped and could not draw people of all classes to work under them.
- (vi) There were considerable saving to the public exchequer by the induction of the Bharat Sevak Samaj in the execution of various projects.
- (vii) The profits earned by the Bharat Sevak Samaj would not go into private hands but would become available for social welfare activities taken up by the Bharat Sevak Samaj and therefore

the burden of the Government to provide social welfare measures was correspondingly reduced.

- (viii) The Bharat Sevak Samaj was a public agency whose method of work accounts etc. were open to and available for close scrutiny by the officials.
- (ix) To secure and promote honest dealing in the working of the Construction Industry and to raise its level of efficiency and the smooth working in the execution of contracts.
- (x) Bharat Sevak Samaj would provide better and more amenities to labour employed than what the private contractor would do.

48.10 As a consequence of the above commendation and the advantage which it was claimed would result from the participation of the Bharat Sevak Samaj in construction works, the Central Government and the States at least quite a number of them associated the Samaj in their construction programmes and extended the concessions recommended by the Planning Commission. It is therefore necessary to assess the validity of the claims made by the Samaj and the value of the advantages, if any, ensuing from this participation. We shall take these claims in seriatim.

I. *Elimination of contractors and middle-man's profit*

48.11 This has been stated as one of the major objectives of the Samaj in entering the construction field. It was also claimed that the workers would be employed and paid for directly by the Bharat Sevak Samaj so that no part of the payment would go to the middleman. As mentioned at another place all the Books of Accounts and records of the Bharat Sevak Samaj for the entire period of working of their construction units have been not produced before this Commission.

(a) (i) The Samaj has produced the Consolidated Account of their Construction Service only for two years i.e. for the years end-

ing March 1965 and March 1966. In these accounts the extent of work done through piece workers and departmental labour i.e. labour on their own rolls, respectively disclosed was as follows :—

Period of Accounts	Work done through piece workers	Work done through departmental labour
Year ending 31-3-65	87,56,278·73	48,22,753·10
Year ending 31-3-66	47,87,583·19	48,71,946·21
TOTAL	1,35,43,861·92	96,94,699·31

(ii) The Samaj has not produced the consolidated accounts of their Construction Service for any of the previous or subsequent years, but from the figures given above it appears that the work done in the two years through piece workers was about 59% and the work done through departmental labour about 41%. Further in 1964-65 the former was almost double that of the latter and in 1965-66 approximately equal or the former was slightly less than the latter.

(iii) The available records do not show clearly as to the exact status of the piece workers who were variously described as Group Leaders, Piece Workers, Unit Leaders etc. But whatever evidence there is shows their status to be that of sub-contractors who engaged other labour, paid them a wage and were themselves paid at rates after deducting certain percentages as profits for the Bharat Sevak Samaj. Thus the objective of eliminating middleman was not achieved as these piece-workers also employed paid labour to do the work on their behalf as if they were sub-contractors and the Samaj got its share of the profits as any other contractor working through sub-contractors would have done.

(b) (i) In respect of the Central Construction Service the Samaj has produced the Accounts for some units up to 1966-67 and for the others up to 1967-68. These accounts show the extent of work done through departmental labour and piece workers as follows :—

Sl. No.	Name of the Unit	Period of accounts	Work done departmentally	Work done through piece workers
1.	Delhi Works	31-3-1962 to 31-3-68	43,38,935.49	45,54,148.60
2.	Purnea Unit	31-7-64 to 31-3-67	5,58,090.55	17,08,871.00
3.	Yumuna Barrage	31-7-64 to 31-3-67	27,22,292.51	46,00,650.30
4.	Varanasi Unit	31-7-64 to 31-7-67	5,55,862.86	14,36,762.78
5.	Gorakhpur Unit	30-11-62 to 31-3-67	..	20,72,541.26*
6.	Bidar	31-8-73 to 31-3-67	..	1,72,300.88*
			81,75,181.41	1,45,45,274.82

*Break-up of the figures between departmental and piece work labour not given in the accounts/ledgers, which show that piece workers were employed.

(ii) The Samaj has not produced the relevant agreements with their piece workers although they were called upon to do so. But for a few works taken in Delhi agreements were produced. These agreements show that these piece workers were none other than sub-contractors. The works were given to the piece workers for execution as whole items and in some cases including purchase of materials and finishing the work as per the terms of the contracts entered into with the Government and the Samaj was to get a percentage as its profit. It would not be too great a presumption if it was held that the tenor of other agreements (not produced) would be the same. Thus it would seem that in respect of the Central Construction Service a large if not a major part of the work was done through sub-contractors, euphemistically called piece workers etc., and, therefore, the aim of eliminating middleman's profit was not achieved in these cases, and certainly not in case of contracts the agreements for which were produced.

(c) (i) In the case of the Bombay Unit where the Samaj had obtained works mainly from the Central Government and no work from the State Government, the Samaj adopted the unusual procedure of taking up con-

tracts and giving it *in toto* to sub-contractors after taking certain percentages of the contract money as profit. In Bombay the person in-charge of the Construction Service was himself an 'A' Grade contractor of the Government and no records have been produced showing that the rates settled with the sub-contractors were considered by any properly constituted committee of the Bharat Sevak Samaj. In fact the rates were settled by the Manager who was a building contractor of some importance.

(ii) This procedure of giving work to sub-contractors seems to have been adopted by almost all the Pradesh units. And there is no evidence to show that anybody in the Central Bharat Sevak Samaj or in the Planning Commission objected to this. On the other hand when in the case of the Bombay Unit an Executive Engineer mentioned this fact to the B.E.S.T. he was taken to task by his Department (Central Public Works Department) at the behest of the leaders of the Bharat Sevak Samaj.

(d) Even in respect of the departmental labour employed by the Samaj the evidence shows that it was not paid directly by the Bharat Sevak Samaj but through labour mukaddams (labour contractors). This is shown by the ledgers and the cash books of the different units. Labour was employed, it appears, through labour mukaddams which

negatives the claim of the Samaj of employing labour directly and paying it directly. Consequently it cannot be said that middlemen were eliminated by the induction of the Samaj. But it must be added that in some cases labour was directly paid but those cases are not numerous and payments were small.

(e) Even in respect of the Kosi Project where the Public Cooperation Scheme was started it is seen that the Samaj did not pay labour directly. Payment was made through unit leaders. The Samaj merely took an undertaking from the Unit Leaders that they would make payments at a certain rate after deducting a percentage of the amounts received from the Government Departments. None of the Unit Leaders have produced the accounts before this Commission and it appears that all the efforts of the Central Bharat Sevak Samaj to get the Accounts did not succeed nor were these accounts produced before the Government officials. It need hardly be reiterated that the distinction between these Unit Leaders and sub-contractors was very thin if there was any distinction at all. And further what payments were actually made to the labour employed is not known as no records connected with these have been produced. In the records of the Union Ministry of Irrigation and Power which claimed that the middleman's profit had been eliminated in Kosi there is nothing to show that any verification or check was made by the Ministry before making the statement. At least none has been shown to have been made. Mr. G. L. Nanda informed the Commission that he had seen the accounts and that they are audited accounts. But these accounts were never produced before the Commission.

H. Giving employment not only to landless labourers but also to the agriculturists

48.12 As mentioned elsewhere there is no evidence to show that the Bharat Sevak Samaj engaged any substantial labour directly. Either they got their works done through sub-contractors euphamistically termed piece-workers or group leaders or through Labour Mukaddams. There is no evidence to show which kind of labour was employed by those persons whether they were landless labour population or professional labour or they were just volunteers who worked free or they were receiving their rations.

III. Elimination of Graft and Corrupt Practices

48.13 It was claimed that the participation of the Bharat Sevak Samaj in the construction works would eliminate the scope for graft and corrupt practices. It was mentioned that the Bharat Sevak Samaj was a public institution and was subject to public scrutiny and therefore there was no chance of corruption or malpractices unlike in the case of professional contractors.

48.14 As already discussed the major part of the work was not executed through departmental labour directly employed by the Samaj but through sub-contractors euphamistically termed piece-workers, unit leaders or group leaders and with their employment the chances of corruption cannot be said to have been eliminated. In Bombay these persons were professional contractors and they could not become saints merely by working under the aegis of the Bharat Sevak Samaj. There is not much evidence to show as to who they were in other places. But there are no allegations of corruption or graft.

48.15 There are a few other aspects in the participation of the Bharat Sevak Samaj in construction contracts which are necessary to be mentioned.

(a) The Bharat Sevak Samaj besides having the patronage of some Union and State Ministers and political leaders had the help of high officials of the Planning Commission. Its Director of Construction was supervising the construction work of the Samaj which has been justified by Mr. G. L. Nanda on the ground of protecting the loans given by the Planning Commission to the Samaj. Both these classes of high dignitaries did not hesitate to plead and interfere in its interests. As a consequence of this Government Engineers were pressurized to show special considerations and concessions to the Bharat Sevak Samaj which left to themselves they might or might not have done. At least they could not exercise their discretion according to their experience and free will.

(b) In the case of the Bharat Sevak Samaj their capacity to take up contract works was not subjected to any scrutiny and that was because of official interference from the top including that of the Planning Commission.

(c) Officials of the Government departments were not allowed to function in an

independent and judicious manner and in some cases those officials who found fault with the working of the Bharat Sevak Samaj and in one case in Bombay there is evidence to show that the officials concerned was taken to task for pointing out that the Bharat Sevak Samaj were violating the terms of the contract by sub letting the same to sub-contractors. Thus an atmosphere of fear was created by the interference from the higher quarters, which could not but vitiate the normal and efficient functioning of the Central Public Works Department and of Public Works Department in the States. Even the high ranking Army Engineers and the M.E.S. were subjected to pressure and fear tactics.

(d) There are also instances where the officials of the Bharat Sevak Samaj behaved in an insolent manner when the Central Public Works Department officials tried to enforce the terms of the contract. Particularly in the case of the Purnea Aerodrome Work a Central Public Works Department official was subjected to the indignity of concrete being poured on him when he tried to stop the Samaj doing substandard work. When the matter was reported to Director of Construction in the Planning Commission he merely brushed it aside as a minor episode. In the case of Santa Cruz Aerodrome Work an Executive Engineer who found the Samaj doing sub-standard work had to get the work stopped forcibly by asking for police help and the Engineer was transferred to some remote part in the North. All this produced demoralisation in the Central Public Works Department at least in Bombay with the result that no punitive action could be taken by them.

IV. *A sense of participation on the part of the labour employed*

48.16 It was claimed that the giving of contracts to the Bharat Sevak Samaj gave a sense

of participation to the labour employed as they were working for a voluntary organisation and not for private contractors.

48.17 As already mentioned elsewhere the major part of the contracts were got executed by the Bharat Sevak Samaj through sub-contractors termed piece-workers etc. and even in cases where the work was done departmentally the labour was employed through labour Mukaddams. There is no evidence to show that the Samaj employed and paid the labour directly. Therefore, the claim that the labour got a sense of participation by working for voluntary organisation and not as mere wage earners under a private contractor remains merely conjectural. At least no evidence has been produced by the Samaj of this enthusiasm or sense of pride.

V. *Better progress of work and expedition of the benefits of the Project*

48.18 One of the advantages claimed for Bharat Sevak Samaj participation in construction contracts was that it ensured better progress of work and expedited the enjoyment of benefits of projects by the people. It was also claimed that the Bharat Sevak Samaj ensured the better achievement of targets of the Plan whereas the contractors were not fully equipped and could not draw people of all classes to work under them.

48.19 The Commission has discussed at length the delays that occurred in the construction contracts executed by the Bharat Sevak Samaj. Table 48-A will show how many works were executed and in what time and whether they were or were not delayed.

48.20 There were also instances of abnormal delays like the following : —

Name of the work	Time allowed	Time taken	Delay	Percentage	Penalty imposed
1. Construction of I.T.I. Pusa-Administrative Block Phase II	14 months	8 years 8 months	7 years 6 months	644%	Not decided
2. Mental Hospital, Shahdara	15 months	5 years 6 months	4 years 3 months	340%	Rs. 750
3. Construction of Electric Sub-Station at Arabki-Serai	2 months	1 year	10 months	500%	..
4. Extension of workshop for work-cum-training centre at I.T.I., Pusa, Phase II	5 months	45 months 17 days	40 months 17 days	800%	Rs. 100
5. Construction of 8-A type factories at Okhla.	8 months	45 months 5 days	37 months 5 days	460%	..
6. Construction of Opendrain from Delhi Gate to National Highway at Rajghat.	8 months	52 months	44 months	550%	..

48.21 There were also cases where the Samaj did not complete the contracts taken up and the Departments had to cancel the contracts and there was consequential delay in the completion of the projects by entrusting the same to other agencies.

48.22 In a number of cases even though there was a penal clause in the agreement which enabled the Government department to impose penalties for non-completion of work in time, the penalty clauses were not enforced. It should not be taken that the Commission is advocating punitive measures. But this has been given as showing discriminatory treatment in favour of the Samaj. In a majority of cases no penalties were imposed even though the Samaj had caused abnormal delays and in cases where the penalties were imposed they were only token nominal penalties and the reason given for this leniency was that the Bharat Sevak Samaj was a voluntary organisation doing social work.

48.23 One important reason for these delays was the absence of proper organisation to undertake the works. The Samaj had no capital of its own, and it had to depend upon Government advances and loans for starting the work. It did not have any machinery or equipment to begin with and these handicaps added to the delays. In the case of other contractors there was a system of classifying them depending upon their capacity and the contracts are given on the basis of these classifications. They are also required to give adequate security which is a guarantee for the due performance of the contracts. In the case of the Samaj all these safeguards were lacking.

48.24 In view of all these factors the claim of the Bharat Sevak Samaj that their induction helped in the speedy completion of the works and the consequent early enjoyment of the fruits of the project by the people is not made out.

VI. *Claims of the savings to Exchequer in respect of works entrusted to the Bharat Sevak Samaj*

48.25 Various claims have been made at various times about the savings to the Exchequer on account of the introduction of the Samaj in construction contracts. In a pamphlet brought out in October 1963 (Exs. 69) the savings to the Exchequer in respect of important works undertaken by the Bharat Sevak Samaj from 1956 to 1962 were claimed by the Bharat Sevak Samaj as Rs. 1.70 crores.

48.26 In a statement filed before the Public Accounts Committee which has been reproduced as Appendix XXVII to the 34th Report of the Public Accounts Committee for the year 1964-65 the economy to the Exchequer in the works undertaken by the Bharat Sevak Samaj was claimed to be of the order of Rs. 3 crores.

48.27 In the statement filed before this Commission on the June 4, 1970 (Exh. 73) the Samaj had claimed that there were savings to the Exchequer of Rs. 2,55,27,364/- in respect of works executed by the Bharat Sevak Samaj Construction Service and Rs. 44,63,417.00 was saved because the entry of the Samaj into construction contracts brought down the rates and this sum was therefore consequential. Thus the gains to the Exchequer claimed by the Bharat Sevak Samaj i.e. the total of these two amounts comes to Rs. 2,99,90,761.00 i.e. about Rs. 3 crores.

48.28 These claims of the Bharat Sevak Samaj show that in all these cases the Samaj has worked out the difference between their rates and the rates quoted by the next lowest tenderers and this difference has been claimed as a savings to the Exchequer due to the induction of the Bharat Sevak Samaj. The Public Accounts Committee recorded the evidence of the Secretary of the Planning Commission on this matter which the Commission finds convenient to reproduce as it explains the view point of the Planning Commission on the matter at that time :

"I think it would be too much of a claim for the Bharat Sevak Samaj to sustain that it has been able to bring down the general level of rates. But in respect of these specific works, of course subject to what view is taken of the facilities which they have received, it looks, on a certain common sense basis, that there have been some savings in the cost to the Exchequer. I really do not know whether it has been able to influence the market substantially, but there have been a few sporadic cases where the Bharat Sevak Samaj claims that it has been able to do that, that by their selling sand, stone chips and bricks the rates come down in that areas."

48.29 The Public Accounts Committee after examining these cases considered that the calculations adopted by the Bharat Sevak Samaj were hypothetical and they also observed that if this method of calculation was accepted, "In all such cases of tender, the lowest tenderer will always claim the difference between his rates and the next higher rates as savings to the Exchequer."

48.30 It would, therefore, be necessary to find out all the cases where the Bharat Sevak Samaj had tendered for works i.e. the cases where works were allotted to them and the cases where the works were not allotted to them and then to work out the difference between the rates of the Bharat Sevak Samaj and the rates of the other contractors, and strike a balance of the difference in both cases whether the tender of the Samaj was higher or whether it was lower. Neither the Samaj nor the Central Public Works Department has furnished the necessary material for determining this difference. It appears that it is not a proper method to take out only such cases where the figures are favourable to the Samaj because if the same logic is applied to unfavourable cases it would mean that by keeping out the Samaj and entrusting work to the private contractors there was saving to the Exchequer. To say the least that would be fallacious.

48.31 In the figures given about their claims of saving to the Exchequer the Samaj has not taken into account the various concessions which they enjoyed in the matter of contract. These concessions were—

- (i) The exemption from payment of security deposit and earnest money deposit;

- (ii) The payment of initial advance upto 25% of the value of work for helping the Bharat Sevak Samaj to start work. Loans also were given by the Planning Commission, other Ministries and the States.

- (iii) The favourable treatment shown in allotting the works on a negotiated basis. In many cases the Samaj did not give their tender but were allotted works at certain determined rates and in other cases negotiations for the rates were carried out after tender only with the Samaj and not with the other. And thus at that stage competition was eliminated.

- (iv) Exemption from payment of income-tax. The Central Board of Revenue issued orders exempting the Bharat Sevak Samaj from payment of income-tax in August, 1964 but after the adverse criticism of the Public Accounts Committee in its 34th Report these orders were revoked in June 1965 and tax assessment proceedings were started. But so far no decision has been taken as to the assessability of the Samaj.

- (v) Grant of loan on liberal terms by the Planning Commission and the Ministry of Irrigation and Power aggregating Rs. 45.80 lakhs to the Central Bharat Sevak Samaj and Rs. 36.50 lakhs to the Pradesh Units of the Bharat Sevak Samaj.

48.32 It is difficult and even unfair to compare the two cases because they are not *in pari materia*. In the one case there were concessions and encouragement and in the other the contract was purely commercial and liable to all the tax liabilities and heavy interest paid for providing capital. And the Samaj had nothing to lose if the contracts ended in a loss, as they did in many cases; whereas a private contractor would face insolvency in the case of losses besides other penalties. Even the capital employed by the Bharat Sevak Samaj in the works came from Government. What the cost in the case of professional contractors would have been if the conditions were the same would only be a speculation.

48.33 The Central Public Works Department was asked by the Commission to give details regarding the earnest moneys and

security moneys which the Samaj would have had deposited but for the concessions given. This information has been given only for 56 works as under which gives the money value of concessions for the works for which information has been given.

No. of works for which information is available	Amount of earnest money deposited which would have normally been recovered but which was not recovered from Bharat Sevak Samaj	Amount of security deposit which would normally been recoverable but which was not recovered from the Bharat Sevak Samaj	Amount of initial advance given to the Bharat Sevak Samaj
33	3,66,040.00	16,29,954.00	
23	..	5,30,980.00*	
56	3,66,040.00	21,60,934.00	
34	..	*includes earnest money also	28,49,926

48.34 The Central Public Works Department has produced files relating to 65 works out of the 85 that the Samaj Central Construction Service executed in Delhi. Out of these 65 works, 48 were given by negotiation and 17 on the basis of tenders. Whether this process of negotiations would have been money saving or not if others had also been treated in the same manner may be difficult to say but that shows the difference in the conditions in the two cases. And therefore to claim lowering of costs by induction simplicitor of the Bharat Sevak Samaj may not be well founded. The Commission would like to mention particularly the case of contract No. 45 of 1962-63 for the strengthening of Hard Standing & Parking space at Kusmi which was awarded to the Bharat Sevak Samaj for Rs. 61,40,069.00 without calling for open tenders on the basis of restricted tenders. In this case the Controller of Defence Accounts pointed out that the rates given to the Bharat Sevak Samaj of Rs. 485/- per 1000 cft. was very much higher than Rs. 297/- per 1000 cft. given to another contract in the same region at the same time after calling for open tenders.

48.35 When weighing the comparative monetary gains to Government due to the induction of the Samaj one has to keep in view

other factors also, such as delay in execution and the consequences accruing therefrom.

(1) The majority of the contracts entrusted to the Bharat Sevak Samaj were completed after considerable delay. The extent of delay has already been discussed. This delay resulted not only in the locking of the Government money but also in inconvenience to the various Deptts. The Commission finds that some of the important works where there was considerable delay were :

- (a) Santa Cruz aerodrome work;
- (b) the completion of the foodgrains godown at Azamgarh and Varanasi;
- (c) construction of the O.P.D. at Willingdon Hospital;
- (d) construction of workshop for work-cum-training centre at I.I.T. at Pusa and construction of 8-A type factories at Okhla.

(2) (i) In respect of the Kosi Project where the Samaj has claimed a saving to the Exchequer of Rs. 1.20 crores the Commission finds that there is little or no basis for the claim. In fact, the Samaj was allotted works at negotiated rates in the earlier year. A note reviewing the progress upto August, 1955 prepared by the Kosi Project Administration shows that the work done by the Bharat Sevak Samaj cost the Exchequer Rs. 36 per thousand cft. on the Western embankment whereas on the same embankment the work done by the contractors cost only Rs. 34-1-0 per thousand cft. In the subsequent years the Samaj was allotted works in the Kosi area at the same rates at which the neighbouring reaches of the embankment were given to private contractors and further the Samaj was given the choice of choosing the easier portions of the embankment for execution by its Unit leaders. The cost of voluntary labour given by the students to the Samaj was Rs. 41-8. As per thousand cubic feet on the Eastern embankment and Rs. 59/- on the Western.

(ii) The evidence also shows that the Samaj was asking for higher rates than what was paid to other contractors. The claim that the Samaj cost less is therefore not well founded.

(iii) Total value of the work done by the Samaj is given by the Kosi Project Administration to be Rs. 1.75 crores. The total cost of the Kosi Project was Rs. 64.23 crores which appears from a review by the Bihar Govern-

ment of the Project in the year 1966. Thus, it would appear that the work done by the Samaj was only a comparatively small fraction of the total work on the Kosi Project.

(vi) The witnesses for the Samaj have claimed that the cost of work done by them was Rs. 184 lacs and they received as much as Rs. 200 lacs, i.e. Rs. 2 crores and their profit was Rs. 16 lacs. The Superintending Engineer who appeared as Bihar Witness No. 3, has stated that an unsigned note shows the total work done on the Kosi Project by the Samaj to be 83 crores cubic feet but that must have included both the embankment as well as the canal and the cost must be different in the two cases because of the differences in lead and lift. Besides the very basis of this argument that the work done was 83 crores does not appear to be based on any authentic document. It is contained in a note unsigned with no one claiming its authorship or deposing to its authenticity.

(v) According to the claim made by the Samaj, the cost would work out to just about Rs. 20/- per thousand cubic feet but there is a fallacy in this argument because the Samaj claims to have received Rs. 2 crores for the work done from 1956 to 1962 whereas the official figures show that another 44.6 lacs was paid upto 1965 which would make the value per thousand cft. to be higher.

(vi) The record also shows that the value of the work done on the Kosi Project by the Samaj for three years beginning from 1963 to 1965 was Rs. 45,05,231/- as per the consolidated accounts prepared by the Bharat Sevak Samaj.

(vii) The figure of 83 crores cubic feet mentioned by the Superintending Engineer was right up to 1967. There are no figures from which it can be concluded that the Samaj was working at Rs. 17/- to Rs. 18/- or Rs. 20/- per thousand cubic feet. On the other hand the evidence is very much different. It shows that in the first year the cost, as far as the Samaj is concerned, was Rs. 36/- as against Rs. 34-1-0 given to the contractors and this was for the Western Bank. On the Eastern Bank all the figures have not been made available to the Commission. In subsequent years the Samaj was getting the same rates as were being paid to the contractors. So, this by itself shows that the claim of the Samaj is exaggerated. But

to be fair to the Samaj it must be stated that by the coming in of the Samaj the rates went down considerably and that has been deposed by Bihar Witness No. 3, the Superintending Engineer.

(viii) Unfortunately the Commission has not been supplied with any authentic figures by either of the two parties. As has been stated above, there is some evidence to show that the Samaj was demanding higher rates than what was paid to other contractors. In the circumstances, whereas the Commission must recognise that the induction of the Samaj was helpful in keeping the rates low, it cannot be said that the Samaj was charging less than what the contractors were getting.

(3) The evidence shows that advances were given to the Unit leaders and the Samaj. In the beginning these were given on the security of land but later the security of the Bharat Sevak Samaj was asked for but there is no evidence of its being given. In this process the Government lost Rs. 9,63,418/- from the Unit leaders and Rs. 9,63,649/- from the Bharat Sevak Samaj itself making a total of Rs. 19,27,067/-.

(4) Further the statement of Mr. T. P. Singh, Ex-Chief Administrator of the Kosi Project and of other witnesses shows that at the initial stages the Kosi Project Area was malaria ridden and there was reluctance on the part of the labour to work in that area due to which contractors were unwilling to work on that project and the labour rates were initially high. Later on when anti-malaria measures were taken and malaria began to be eradicated as a result of public health measures by Government thereafter larger number of labourers was attracted and there was a fall in labour rates as also contractors showed their willingness to work on this project; otherwise work of the value of Rs. 64.23 crores could not have been executed.

(5) No official review of the claim of the Samaj regarding the savings which accrued to the Exchequer due to its participation was ever made. In the year 1956 some attempt was made by the Union Ministry of Irrigation and Power to have a review undertaken and a letter was sent on June 21, 1956 to the Chief Administrator of the Kosi Project about the visit of a team from the Government of India for the purpose. But the Chief Administrator

did not want it and in his reply tried to state the position thus :—

- (i) Even though the earth work rate was the same for the contractors and public cooperation agencies the total cost of work through public cooperation in western embankment was Rs. 1-14As.-3Ps. more per thousand cft than in the case of contractors.
- (ii) Mr. L. N. Mishra had needlessly drawn up a comparison between the rates allowed to the public cooperation agencies and contractors in length below the barrage and rates allowed to contractors above the barrage. The conditions of work were completely different. The embankment alignment above the barrage passes through dense Nepal jungles with no local population whatsoever and there were no means of communication. The rates were fixed on the basis of public tender for specific lengths of embankment according to condition of work.
- (iii) The offer of the Samaj to take up 11 miles of new work on the eastern embankment gave the Project Administration the strength to decide that not more than 8 per cent increase should be admitted to the contractors who had to accept only rates 16 per cent above the previous years rates. In the western embankment there was no change in the rates.
- (iv) There were several aspects other than the direct benefits which were relevant to the work through Public cooperation. These were :—
 - (a) public cooperation agencies had tackled 46 miles out of 114 in two seasons and the progress had been accelerated ;
 - (b) the scheme of public cooperation was becoming increasingly popular with labour. There was such enthusiasm among Gram Panchayats to take up the work, that the length allotted to each Mukhiya had to be reduced to 500 cft.;
 - (c) 90 per cent of earnings was to be given to the labour, 5 per cent was to be spent on organisation and the remaining 5 per cent was earmarked for community savings, and that con-

tribution from the local works programme was to form a nucleus for development for Gram Panchayats in the areas;

- (d) the cultivators had parted with land in anticipation of legal proceedings; and
- (e) public cooperation agencies had great role to play in the maintenance of embankment.

Paragraph (iv) above is sufficient commendation of the Samaj as to expedition and in producing enthusiasm in working on the scheme.

- (v) The Chief Administrator pointed out that there were hardly any more points which were relevant to the assessment of work through public cooperation by the Central Committee. Therefore the matter was dropped and nothing further was done to verify the various claims made by the Bharat Sevak Samaj about the savings to the Exchequer. The central review of the working would have proved or disproved the claim of the Samaj beyond controversy. It has not been explained why the Administration was averse to a review by the Centre.

- (vi) In the Third Five Year Plan also it was asserted that against the original estimate of Rs. 11.5 crores the actual expenditure on the Kosi Embankment scheme came down to Rs. 6.5 crores and this reduction was claimed to be the result of the induction of the Bharat Sevak Samaj in the construction activities. What is the basis of this credit to the Samaj is not shown. Further it is not indicated where these figures have been taken from. On the other hand a review of the Bihar Government of 1966 showed the position as follows :—

Unit of work	Original sanctioned estimate	Revised estimated amount	Excess
	Rs. crores	Rs. crores	Rs. crores
(i) Embankments	11.55	12.66	1.11
(ii) Canals . .	16.42	26.10	9.68

Thus it appears that there is little basis for the various claims made about savings to the Exchequer and even the assertion in the Third Five Year Plan seems to have little or no basis for it.

The effect of Exemption from Income Tax :

48.36 The Commission has at another place referred to the orders issued by the Central Board of Revenue exempting the Bharat Sevak Samaj from the payment of Income Tax on their savings in the Construction Service and the subsequent revocation of those orders. The Income Tax assessment proceedings in respect of the Bharat Sevak Samaj are still pending as would appear from the affidavits filed by the Ministry of Finance. Therefore, it has not been possible to find out the quantum of tax exemption, if any, which has been given to the Bharat Sevak Samaj or to determine the benefit which the Samaj has received or would receive if the tax is held inexigible. The record shows that the Samaj made a handsome profit in some of the works as follows :—

Name of the work	Value of work executed	Net savings to the Bharat Sevak Samaj
	Rs.	Rs.
(1) Kusmi Aero-drome work	1,71,78,967.29	37,21,825.82
(2) Bidar Aerodrome work	22,06,303.08	7,31,771.26
(3) Purnea Aero-drome work	1,51,45,756.28	5,09,418.97
(4) Yamuna Barrage works	2,16,31,452.00	25,82,548.34

48.37 It might be conjectural to say so but had these works been entrusted to private contractors the amount of Income Tax which the Government would have been entitled to levy would have been considerable and no assessment of any claims of savings to the Exchequer on account of the participation of the Bharat Sevak Samaj in construction activities would be meaningful unless the amount of Income Tax which would have been collected had the tax been payable is determined and taken into account. The works mentioned above are only a few examples and in some other works also the Samaj has made handsome profits. The Samaj pleads loss in many other contracts in Delhi and Varanasi. But the profits in the individual Works will be a relevant factor to be taken into account in the

matter of assessment for individual financial years unless losses can be set off against profits under the provisions of the Income Tax Act. It is not necessary to enlarge this discussion or to proceed further into this line of investigation as under the present circumstances it would be conjectural.

VII. The Claim of Bharat Sevak Samaj Profits not going into private hands but being used for public goods

48.38 Another advantage that has been claimed for the Bharat Sevak Samaj participation in construction activities is that the profits made by the Bharat Sevak Samaj were not for individual private gain but were available for social welfare activities taken up by the Bharat Sevak Samaj and therefore the burden on Government to provide for social welfare measures was correspondingly reduced. There is precious little basis for this claim, and when Mr. Nanda was asked about it he said the continuance of the Samaj on the stoppage of the grants was enough proof. But what it is spending, what it is spending on and the source of expenditure has not been disclosed to the Commission.

48.39 This claim could be verified only if the Consolidated Accounts of both the Construction Service and the non-commercial activities of or social services rendered by the Bharat Sevak Samaj have whole were available. Unfortunately, the Bharat Sevak Samaj have not prepared and produced their Consolidated Accounts for all the years. The consolidated Accounts of the Construction Service are available only for 2 years, namely 1964-65 and 1965-66. And in these 2 years the Accounts do not show separately any contributions for social welfare activities. In fact, the Consolidated accounts for the two years show net losses only, the accumulated loss up to March 31, 1966 being Rs. 6,03,153.71. Thus the Consolidated Accounts do not support the claim of contribution to social activities.

48.40 But the Accounts of the various units throw some light on the method of utilisation of the profits and they are as follows :

- (i) In the Central Construction Service amounts totalling Rs. 10,90,569.89 were debited in the Profit and Loss Account as expenditure on account of the contributions to different Pradesh

units and sections of the Bharat Sevak Samaj up to 1967-68 even before the savings were worked out. These contributions were mainly made to the Central Development Fund of the Bharat Sevak Samaj, the Central Fund of the Bharat Sevak Samaj, the General Administration Section of the Central Bharat Sevak Samaj and these appear to have been utilised mainly for keeping the office of the Bharat Sevak Samaj and for advancing moneys to the various Pradesh and District Units of the Bharat Sevak Samaj which had taken up construction activities. There is no evidence to show that any part of the money was invested in any social welfare activity as such. Other important recipients of these contributions were institutions with which the Chairman of Bharat Sevak Samaj (Mr. Gulzari Lal Nanda) was connected; like the Bharat Sadhu Samaj, the Samyukt Sadachar Samiti, the Institute of Psychic and Spiritual Research, the Needs of Life Bank, and the Bharat Yuvak Samaj. These institutions have not produced their Accounts showing the utilisation of the amounts donated by the Bharat Sevak Samaj.

The amount of Rs. 10,90,569.89 included sums totalling Rs. 95,698.81 for which no details have been given in the Accounts. The various Pradesh units appear to have invested the contributions received from the Central Bharat Sevak Samaj in construction activities including advancing moneys to sub-contractors and the workers of the Bharat Sevak Samaj besides the sums shown in (iii) below. The working of those units resulted in losses. There is no indication of their having spent anything on social welfare measures. In many cases the advances given by the Pradesh units to the workers and sub-contractors have remained unrecovered and thus they were given for individuals.

- (ii) In the Accounts of the Central Bharat Sevak Samaj sums totalling Rs. 8,93,786.18 from out of the advances given to piece workers, staff members and others were written off as being irrecoverable. This shows that a fairly large sum out of the savings of the units went into the pockets of private individuals. Another fact to be noted

at this stage is that the Samaj included the sum of Rs. 8,93,786.18 as expenses in the Profit and Loss Account of the Delhi Works before working out the actual financial results like profit or loss of the unit.

- (iii) Out of the sum of Rs. 10,90,569.89 mentioned in (i) above the amounts contributed for social activities receiving Government grants were as follows :—

	Rs.
(1) Social Welfare Section of the Bharat Sevak Samaj	11,000.00
(2) Jan Jagaran Scheme	34,000.00
(3) Camp Section	739.68
(4) Advisory Health and Sanitation .	202.50
(5) Training Centre	5,295.75

Although these advances were treated in the accounts of the Construction Service as contributions to the other sections, in the Accounts of the latter they were not so treated but were being shown as outstanding liabilities due to the Construction Service. Further the Samaj has claimed grants from the Government without mentioning the contributions, if any, from the Construction Service and in their evidence before the Commission they also stated that their claims for social activities are still pending as against the Government. The Samaj cannot claim merit for contributing to Social activities out of its construction Service and also claim these very amounts from Government as arrears on account of those very activities.

Thus the position comes to this that in the Central Bharat Sevak Samaj accounts no part of the profits which accrued to the construction Service have been shown to have been utilised for any of the social welfare schemes for which Government gave assistance except small sums of money shown above and the burden of the Government for providing those social welfare measures remained as before.

- (iv) The Accounts of the various Pradesh Units and District units also show that fairly large amounts were advanced to piece workers and workers of the Bharat Sevak Samaj. In many cases these amounts became irrecoverable and were written off in the Accounts. The total amounts written off in the

Accounts of the different units were as follows :

Statement showing the Amounts due from Piece Workers and Workers of the Bharat Sevak Samaj written off in the accounts of the various Units of the Bharat Sevak Samaj

Sl. Number of Unit No.	Year in which written off	Amount written off
1 Delhi Works . . .	31-3-62	2,10,907.75
	31-7-63	2,43,981.54
	31-3-66	1,77,186.34
	31-3-67	2,61,710.55
		8,93,986.18
2 Bidar Unit . . .	31-3-66	2,000.00
3 Yamuna Barrage Unit	31-3-67	7,743.24
4 Varanasi Unit . . .	31-3-67	85,607.48
5 Gorakhpur Unit . . .	31-3-66	2,14,819.92
GRAND TOTAL .		12,03,956.82

Pradesh Unit :

Sl. No.	Name of the Unit	Year in which written off	Amount written off
6	Manipur . . .	31-3-65	36,308.39
7	Gujarat . . .	7-11-60 to 31-7-64 1-8-64 to 31-3-65	3,595.00 81.82
			3,676.82
8	Punjab . . .	1968-69	514.55
9	Andhra Pradesh		
	Mile No. 12 & 13 . . .	1966-67	13,120.73
	Mile No. 14 . . .	1963-64	7,134.86
	Mile No. 41 & 42 . . .	1966-67	6,667.79
	Mile No. 65-67 . . .	1966-67	43.50
	Mile No. 20 . . .	1963-64	1,946.85
			28,913.73
10	Rajasthan . . .	1965-66	2,148.71
Total items (6-10)			71,562.20
Grand Total			12,75,519.02

(v) The Balance Sheets of the different units of the Bharat Sevak Samaj show that out of the advances given to the piece workers and the workers of the Bharat Sevak Samaj considerably large sums were outstanding at the end of the periods for which accounts have been produced. These amounts shown for the different units were as follows :—

Name of the Unit	Balance sheet as on	Amount outstanding
1. Delhi Works including Yamuna Barrage	31-3-1968	
	Advance to suppliers . . .	1,70,609.36
	Staff . . .	20,069.06
	Others . . .	86,964.27
		2,77,642.69
2. Bidar . . .	31-3-1967	
	To suppliers . . .	11,960.05
	To others . . .	4,142.98
		16,103.03
3. Gorakhpur . . .	31-3-1967	
	Piece Workers and others . . .	36,979.22
	Staff . . .	1,715.44
		37,694.66

Name of the Unit	Balance sheet as on		Amount outstanding
4. Yamuna Barrage	31-3-1967	Piece workers and suppliers Staff	35,742.51 7,201.62
			42,944.13
5. Purnea	31-3-1967	Suppliers and Workers To other staff	21,808.60 1,000.00
			22,808.60
6. Satbari and Hastal Kiln	31-3-1967	Advances to contractors Other advances	45,714.14 750.00
			46,464.14
7. Varanasi	31-3-1968	Advances to suppliers and piece workers. Advances to staff	1,44,460.02 11,738.07
			1,56,198.09

Pradesh Units :

Sl. No.	Name of the Pradesh Unit	Year of accounts	Amount outstanding against the Piece-Workers & others
1	Maharashtra	31-3-1969	39,90,728.95
2	Manipur	31-3-1971	{ 8,952.29 16,059.33
3	Uttar Pradesh Construction Service	31-3-1966	1,58,938.11
	(a) Varanasi District Unit	31-3-1965	1,50,308.85
4	Orissa	31-3-1966	24,937.02
5	Rajasthan (Chambal)	31-3-1965	23,544.39
6	Andhra	30-9-1966	1,65,573.78
7	Mysore	31-3-1966	45,098.11
8	Gujarat	31-3-1967	60,611.36
9	Himachal Pradesh	31-3-1965	400.00
10	Madras	31-3-1966	9,327.35
Total of all the sums given above.			46,54,479.54

The fact that these large amounts were outstanding for such a long time shows that the chances of their recovery are very slender

if they exist at all and ultimately these also may have to be written off. Thus the method of working of the Bharat Sevak Samaj resulted in large amounts from out of the funds of their construction services being given to private individuals and these amounts were either written off or will most probably have to be written off ultimately. Thus the claim of the Samaj that no private individual benefited from out of the gains of the Construction Service stands disapproved. The identity of the person who benefited by these advances cannot be ascertained as the accounts are silent on this point.

(vi) A number of units of the Bharat Sevak Samaj which had taken up construction works showed considerable amount of losses. Some of the bigger units showing losses were the following :—

Sl. No.	Name of the Unit	Value of work executed	Losses incurred by the B.S.S.
1	Delhi Works Unit	3,16,16,071.22	62,82,197.41
2	Varanasi Unit .	78,55,712.83	7,37,152.98
		3,94,71,784.05	70,19,350.39

Losses Incurred by Pradeshes including District Units

Sl. No.	Name of the Pradesh/District Unit	Value of the work executed	Loss incurred by the B.S.S.
1	Andhra Pradesh Construction Service including Nagarjuna Sagar and District Units.	43,21,547.82	3,89,265.72
2	Himachal Pradesh	65,633.36	13,962.96
3	Mysore . . .	4,79,742.70	72,076.37
4	Madras . . .	3,64,547.68	66,069.08
5	Gujarat . . .	67,39,545.69	85,766.66
6	Rajasthan . . .	43,21,242.97	2,90,087.83
7	Goa . . .	4,99,297.09	41,324.48
8	Uttar Pradesh . . .	22,50,274.16	1,64,980.83
		1,90,41,831.47	11,23,533.93

48.41 An analysis of the causes for these losses is given in Chapters dealing with the working of the different units, but major factors that contributed to these losses appear to be—

- (i) The taking up of contracts and giving them to piece workers, the terms of contracts with whom were not enforced.
- (ii) Inefficient management of the affairs and lack of control over labour and over the purchase and utilisation of materials. (In fact no units had any accounts showing the purchase, custody and issue of materials).
- (iii) Advancing of large amounts of money to piece workers and workers of the Bharat Sevak Samaj, the accounts with whom have been adjusted without proper vouchers.

This discussion shows that the beneficiaries of the contributions from the Construction Service were either piece workers or other workers of the Bharat Sevak Samaj and not its social activities and consequently the plea that the construction service had as its main objective the providing of funds for such activities as to lessen the burden on Government is not sustainable.

VIII. *The claim that Bharat Sevak Samaj was a Public Agency whose method of working accounts etc. were open and available for close scrutiny by the Officials of the Government.*

48.42 At a meeting of the Sub-Committee of the Co-ordination Committee on Public Co-operation of the Planning Commission held on March 13, 1961, Mr. Gulzari Lal Nanda explained that one of the considerations for entrusting the works to the Bharat Sevak Samaj was the fact that the Bharat Sevak Samaj was a public agency whose method of working, accounts, etc. were open and available for close scrutiny by Government and that the Bharat Sevak Samaj was a society registered under the Societies Registration Act and therefore subject to public view.

48.43 The Bharat Sevak Samaj has not produced the minutes of the General Body Meetings and of the Administrative Committee meetings of the Bharat Sevak Samaj. Therefore, this Commission has not been able to find out whether the accounts of all the activities of the Bharat Sevak Samaj were prepared or produced before the General Body of the Bharat Sevak Samaj.

48.44 The Commission has discussed at length either the absence of or deficiencies in the accounts of a number of units of the Bharat Sevak Samaj. The number of units whose accounts are not available and the number of deficiencies in respect of the accounts produced are so many that those accounts become difficult to accept or being acted upon without further scrutiny.

48.45 A few points bearing on this claim of the then Planning Minister about the Samaj being a public agency and its accounts being subjected to official scrutiny may here be discussed at some length.

(1) The first major construction activity taken up by the Samaj was the Kosi Project. The work was taken up in 1954 and was got done by the Samaj through their unit leaders. It may be as it was argued that the Samaj was not directly the contractor but in essence the Unit Leaders were the nominees of the Samaj. The agenda papers of the meeting of the Control Board of the Kosi Project show that there was unwillingness on the part of the unit leaders to show accounts to Government officials so they could not discover what was actually paid to labour. The accounts of the unit leaders have not been produced before this Commission nor were

they produced before the Central Bharat Sevak Samaj. In fact the Central Bharat Sevak Samaj could not get any account from their Kosi Unit.

(2) In the Kosi Project deductions were made from the bills of the unit leaders for a separate fund called the Community Savings Fund which was to be utilised for public welfare in the area where the project was under construction and also for organisational expenses of the Bharat Sevak Samaj. These deductions were initially kept with the Kosi Project Administration but withdrawals made by the Bharat Sevak Samaj or its leaders from the Community Savings Fund was of amounts totalling Rs. 8,43,068.00 and from the Organisational Fund Rs. 6,50,250.00. The Chief Minister of Bihar had asked the Bharat Sevak Samaj to have these accounts audited by Government nominated Auditors as early as 1961, but the Samaj maintained that this money belonged to the Bharat Sevak Samaj and, therefore, the Government was not entitled to look into the accounts. In spite of repeated demands in the Bihar Assembly and in Parliament for the production of the accounts of the Community Savings Funds, the Samaj refused to produce them. Even before this Commission the Samaj has taken the stand that the accounts of the Kosi Project do not fall within the purview of the Commission and have, therefore, refused to produce the accounts.

(3) The value of work taken up by the Bharat Sevak Samaj in Kosi and Gandak areas amounted to about Rs. 2.5 crores. No proper accounts of the Kosi Project appear ever to have been prepared. At least none were submitted even to the scrutiny of the Central Samaj and as has been said above, the Samaj point blank refused to have the accounts reviewed by this Commission as they "saw no necessity for it".

(4) As regards the Bharat Sevak Samaj as a whole the consolidated accounts of their construction services were prepared for only two years, i.e., for the years 1964-65 and 1965-66. The accounts for the earlier years have not been prepared as many of the units did not maintain proper accounts, and after 1965-66 some of the units appear to have disintegrated and in many cases no books of accounts were produced before this Commission in order to show how the assets and liabilities were dealt with.

(5) The majority of the contracts taken up by the Bharat Sevak Samaj were not executed by them directly by employing direct labour as has already been discussed. The Samaj has refused to produce the records showing the minutes of the meetings of the competent authorities delegating powers to their officials in the matter of entering into sub-contracts and in the matter of placing of orders for purchases. They have, in fact, refused to produce the minutes of the meetings of the Managing Committee of the Construction Service which would have shown the points discussed by the Committee about the working of the construction service. Therefore, the claim of the Samaj that their method of working was open to public scrutiny is not well-founded.

(6) The Samaj has not produced before this Commission the agreements they entered into with their sub-contractors, euphemistically called unit leaders, group leaders or piece workers. The Reports of the auditing Chartered Accountants for the various years also show that these documents were not produced before them and so they could not verify the payments.

(7) There is one other point which would be worth mentioning at this stage and that is that as far as record goes there is nothing to show that annual accounts were prepared in the form of Balance Sheet and presented before the General Body and the accounts passed by it. It is true that the provisions which apply to organisation which fall under the Companies Act may not be strictly applicable to the societies which are registered under the Societies Act but as a matter of practice accounts of every society are prepared in the form of Balance Sheet and Income and Expenditure account and are there for scrutiny of the members at their annual general meeting and are passed by them.

(8) As a matter of fact under the Constitution of the Samaj itself there is a provision Article 18 which when quoted runs as follows :

"18. Audit.—The Central Office and the Branches of the Samaj shall issue audited statements of accounts and a consolidated report of their work at the end of each year".

There is no proof that the office holders of this organisation issued audited statements

of account and a consolidated report at the end of every year nor is there any proof that the general meeting was held every year where the affairs of the Samaj were reviewed, accounts presented and passed so that the members of the Samaj were apprised of how the Samaj was working. Therefore, this is a lacuna which goes counter to the claim of the Samaj being a chapter open to official gaze and review.

All these facts taken collectively disprove the claim that the method of working of the Samaj and their accounts were open or subject to the scrutiny of Government officials or of the public.

IX. To secure and promote honest dealings in the working of the Construction Industry and to raise the level of efficiency of the Construction Industry and the smooth working of the contracts.

48.46 The objective of the Construction Service as given in the Constitution of the Construction Service of the Bharat Sevak Samaj are no doubt laudable and included the following :

- (i) To ensure observance of satisfactory standards of work and workmanship in construction.
- (ii) To secure and promote honest dealings in the working of the Construction Industry.
- (iii) To raise the level of efficiency of the Construction Industry.

It was also claimed from time to time that the entrustment of the Bharat Sevak Samaj resulting in the smoother working of the contracts because the Samaj had either retired or serving Government Engineers in their Construction Service.

48.47 The Commission has discussed the working of various contracts in the different Chapters which would show that in many cases the working of the contracts was anything but smooth. The Departmental Engineers had to write again and again to the Samaj to rectify the defects and to execute the works according to the prescribed standards. In many cases the Samaj did not carry out rectifications and in some cases the Department had to have the defects rectified by employing other agencies. The extra cost involved in many cases was not pro-

perly assessed and recovered from the Samaj. Nor were any penalties imposed except in very few cases. The record also shows that not in a few cases was the work either abandoned by the Samaj or had to be stopped and in some cases due to interference from highest quarters the sub-standard work of the Samaj had also to be accepted by the Government Department.

48.48 The records of the individual contracts show that in many cases there were bickerings between the Samaj and the Public Works Department. There were some extreme cases where the Samaj broke open the Stores godown and took away the material or where the sub-standard work had to be stopped by Government Engineers by using police force. The former was in Pune Aerodrome Work, in one Delhi work and the latter in Bombay.

48.49 The Commission finds that there were a number of cases where the Samaj had disputed the measurements taken or the valuation of the work done. A list of cases about which information is available about the disputes is given in Table 48-B, annexed to this part of the Report. In many cases the matter was referred to arbitration and in other cases either the claims are pending with the Departments concerned or they are pending with the Arbitrators. The fact that in such a large number of cases there were disputes with the Departments shows that the working of the contracts was not smooth and the Samaj had not helped either in raising the level of efficiency of the Construction Industry or in ensuring observance of the satisfactory standards of work or promoted honest and smooth relations with the Departments of the Government. This is not to allocate blame but it is a mere statement of fact.

48.50 The Commission would like to point out that in one case at least, i.e., in the case of Santa Cruz Aerodrome Work the Bharat Sevak Samaj had challenged the authority of the Superintending Engineer to supervise the work and to issue instructions to his Executive Engineer and the Superintending Engineer had reported his helplessness to the Chief Engineer. The attitude of the Samaj in its peak days appears to have been either to bypass the local Engineers or browbeat them by writing to the highest authorities

who, it appears, in some cases were not unwilling to call for explanation from their subordinate officers. The whole system undermined the exercise of hierarchical authority and the close supervision of the workers. Naturally, written evidence in respect of these cases cannot be found as very often the junior officials when confronted with a body like the Bharat Sevak Samaj backed by the highest authorities in the country might not have reported several small matters to the higher authorities but there is sufficient evidence to show that the officials of the Public Works Department were frightened to take appropriate action which would have been taken had the contractor been anybody other than the Bharat Sevak Samaj.

X. Provision of better labour amenities than what the private contractors would have given.

48.51 One of the claims made by the Bharat Sevak Samaj and by the Planning Commission on behalf of the Bharat Sevak Samaj was that the Bharat Sevak Samaj provided better amenities to labour than what private contractors in the construction industry would have given or gave. In the records of neither the Planning Commission nor the Ministry of Irrigation & Power is there any mention as to what is the basis of these claims.

48.52 This Commission has tried to find out from the accounts of the Bharat Sevak Samaj as to whether there is any substance in the claims of the Bharat Sevak Samaj that they have spent more than what private contractors would have spent or did spend on labour amenities. The position as emerges from the accounts and the relevant records is as follows :

- (i) The contracts entered into by the Bharat Sevak Samaj with the Departments of the Central and State Government contained the usual clause of the contractor having to provide hutments, resting places, bathing places etc. for labour and these were statutory requirements, for the violation of which any contractor would have been liable to be penalised.
- (ii) As already mentioned not a few of the contracts taken up by the Bharat Sevak Samaj were sub-let to sub-contractors and in the accounts only the

lumpsum payments to the sub-contractors have been shown. In these cases of sub-contractors there was no question of the Samaj itself providing any labour amenities; at least the accounts do not show such expenditure.

- (iii) As already mentioned in consolidated accounts of the Construction Service have been produced by the Bharat Sevak Samaj for only two years i.e., for 1964-65 and 1965-66. In the year 1964-65 against contracts of the order of Rs. 4,84,45,312.27 executed by the Bharat Sevak Samaj the expenditure on labour welfare is only Rs. 1,57,888.30. It appears that the Samaj had spent nothing more than what was statutorily required. The details have not been given in the accounts but the smallness of the figure itself indicates that the expenditure could not have been anything more than what the law and the contracts required.
- (iv) In the Consolidated Accounts for the year 1965-66 against the contracts of the order of Rs. 3,43,81,014.63 executed by the Bharat Sevak Samaj the labour welfare expenditure was only Rs. 2,278.68 which shows that in this year the Samaj could not have spent even the minimum amounts statutorily required to be spent on hutments etc. for labour.
- (v) The Commission also finds that in the year 1966-67 the Delhi Works Unit which had executed works of the order of Rs. 23,64,761.05 the expenditure on labour amenities was 'nil'. In the year 1967-68 while the value of the work done by the Delhi Works Unit was of the order of Rs. 10,75,177.16 the expenditure on labour amenities was only 162.60 which again cannot be claimed as an achievement for a social welfare organisation like the Bharat Sevak Samaj.
- (vi) In the case of big contracts like the Yamuna Barrage of the value of Rs. 1,93,73,955.00 the accounts of the works do not show the expenditure of a single pie on labour amenities. Similarly, in the case of the Gorakhpur Kusmi airfield contracts of the value of Rs. 1,70,93,764.00 the accounts do

not show any expenditure on labour amenities. And this fact is destructive of the claim made by the Samaj in this behalf. Their records hardly seem to be a credit to a social welfare organisation of an All-India fame like the Bharat Sevak Samaj.

- (vii) In the case of the Kosi Project where claims have been made for labour amenities the providing of labour amenities was made the responsibility of the State Government and the expenditure on account of this was borne by the Project Administration. Here it appears that even the private contractors had to give some amenities to their

labour and, therefore, there does not appear to be any substance in the claim of the Samaj that they provided better amenities for the labour.

It was claimed in the case of Koshi that a part of the savings was expended on constructing Panchayat Ghars, Community Halls and drinking water wells and the like. But this was, so the evidence went, out of the moneys specifically reserved for the purpose and deducted out of the running bills. What is the extent of these facilities and what was spent out of the large amount which was reserved for the purpose is difficult to determine because of the attitude of the Samaj in refusing to produce accounts.



TABLE 48-A
(Referred to in para 48-19)

Sl. No.	Name of the Unit	No. of works completed in time	No. of works in which delays were there	No. of works cancelled/ or incomplete	Remarks
1	2	3	4	5	6
A. 1	Central Construction Service	2 2	91* 91	8 8	*Information in respect of 15 works as to whether these were completed in time or not is not available.
B.	Pradeshes :				
1	Andhra Pradesh	14	53	149	
2	Punjab . . . . .	..	3	1	
3	Himachal . . . . .	..	8	1	
4	Mysore	2	17	1	No information in respect of 1 work at Coorg available.
5	Madras . . . . .	..	3	1	
6	Assam . . . . .	..	2	..	
7	Manipur . . . . .	..	77@	26	@ The break up of works completed in time or late not available.
8	Gujarat	14	37@	8	@ The break up works completed in time or late not available.
9	(i) Rajasthan (Pradesh)	4	8	4	
	(ii) District Units	No information is available in respect of 33 works taken up by District Units.			
	Chambal . . . . .	..	137@	16	@ The break up works completed in time or late not available.
10	Maharashtra Pradesh . . . .	..	39	..	
	(i) Bharat Sevak Samaj Railway Unit Bombay . . . .	..	2	3	
	(ii) Nasik Unit . . . . .	..	..	6	
11	Goa	4	..	1	The break up of works completed in time or late not available.
12	Kerala	80@	..	32	@ Whether the works were completed in time is not known. No information available in respect of rest of the 70 works.
13	Orissa	Information about 4 works is not available.			
14	Delhi Pradesh	1	8	..	No information in respect of 6 completed works is available.
15	Bihar				
	(i) Gandak Project Distt. Const. Committee	Not available	Not available	Not available	} No information in respect of the rest of 1,114 works is available.
	(ii) Katihar District	7	19	1	
	(iii) District Construction Committee Hazaribagh	Not available	Not available	Not available	
	(iv) Kosi Project Const. Committee	Do.	Do.	Do.	
		7	19	1	
16	Uttar Pradesh	No information is available in respect of 52 works.			
17	West Bengal		Ditto.		
18	Jammu & Kashmir		Ditto.		
19	Madhya Pradesh . . . . .	..	4	36	
	Total Pradesh	126	417	286=930	No. of works for which no information is available=1,289 Gujarat=16, Rajasthan=33, Kerala=70, Bihar=1,114, U. P.=52 Orissa=4.
	Total Central Bharat Sevak Samaj & Pradeshes	128	508	294=930	

TABLE 48-B

(Referred to in Paragraph 48.49)

Statement of Arbitration Cases of the Bharat Sevak Samaj, Construction Service.

Sl. No.	Name of the Work	No. of Items	Claim		Award		Present Position
			Date	Amount	Date	Amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Gorakhpur Kusmi Airfield Phase I, Part I	Not known as B.S.S. files are not made available	21-9-1964	1,20,069	16-3-1965	77,670	
2	Two workshop sheds Arab-ki-Sarai	..	11-7-1963	1,19,946	22-6-1966	12,878	
3	Earthwork in Zone S. O. 2 on Singrauli Obralipk	..	25-6-1965	1,00,548	3-3-1967	54,516	
4	Gorakhpur Kusmi Airfield Phase I, Part II	..	30-12-1966	3,85,428	5-6-1967	1,84,911	
5	Re-sectioning and regrading of Najafgarh Drain Rd. 65-I, 55,000	..	17-7-1965	1,23,151	14-6-1967	47,441	
6	Gorakhpur Kusmi Airfield-Phase II	4	13-9-1965	2-17-481	30-4-1966	Nil	
7	Construction of Yamuna Barrage in Delhi	36	24-10-1967	33,58,752	5-5-1968	7,10,813	
8	Purnea Airfield-Phase I	3	18-12-1968	42,754	22-1-1970	14,443	
9	Purnea Airfield-Phase I	17	2-9-1969	14,64,215	..	..	Case under hearing.
10	Purnea Airfield-Phase I (Supplementary)	9	12-8-1970	21,613	..	..	Do.
11	Foodgrain Godown Varanasi		17-4-1971	17,425	10-2-1972	8,867	
12	Multi-Storeyed Office Building, Shastri Bhavan	36	14-4-1972	16,09,240	..	..	Case under hearing.
13	New O. P. D., Wellington Hospital	3	3-1-1972	4,727	10-8-1972	2,509	This was only the final bill balance. Rest of the disputes yet to be got adjudicated.
14	Office-cum-Workshop Building, Barakhamba Road	3	4-1-1972	20,586	..	..	Under hearing,
15	Raising Shahdra Marginal Bund	3	10-3-1972	2,593	..	..	Do.
16	310 Student Hostel, I.T.I., Pusa	3	8-12-1972	39,146	..	..	Do.
17	Medical College, B.H.U., Varanasi	16	27-1-1973	87,036	..	..	Do.
18	Medical College Staff Quarters, B.H.U., Varanasi	6	31-1-1973	20,773	..	..	Do.
19	Additional Staff Quarters, B.H.U., Varanasi	6	3-2-1973	9,505	..	..	Do.

TABLE 48-B

Sl. No.	Name of the Work	No. of Items	Amount of claim	Award	
				Date	Amount
(1)	(2)	(3)	(4)	(5)	(6)
<i>Maharashtra</i>					
1	Further extension of NW/SE Runway at SAP SH Extension of SE end by 400 ft. Part I Earth Work.				Not announced
2	Extension of NW/SE Runway at SAP SH Extension of SE end by 1400 ft. Part II Earth Work.	33	40,00,000	19-2-1971	6,25,862
3	Construction of 16 Nos. Type V & 4 Nos. Type VI Quarter at C.L.I.	28		25-3-1971	98,922
4	Earthwork in filling for levelling 43 acres of Salt Pan land in Antop Hill Area, Koliwada, Bombay	7	10,07,375	15-12-1967	2,03,087
<i>Gujarat</i>					
1	Earthwork between Kalol Mehsana Tender No. S & C/566/KM	9	95,632.00		Not announced
2	Construction of Bridges from 974 to 1012 on Kalol Mehsana Doubling Tender No. S & C/577/KM.	7	9,868.73	„	
3	Construction of Bridges Nos. 1013 to 1037 on Kalol-Mehsana Doubling Tender No. S & C 578/KM.	8	32,851.66	„	
			1,38,552.39		
<i>Punjab</i>					
1	Finishing Post Graduate Medical Research Institute block 'B' 38 Sector 12, Chandigarh	1-1-1969	34,385	31-5-1971	2,934.25

TABLE 48-B

Statement showing the list of works under disputes with Manipur Public Works Deptt., Imphal

Sl. No.	Name of Works	Remarks	Sl. No.	Name of Works	Remarks
(1)	(2)	(3)	(1)	(2)	(3)
1	New Cachar Road Works.	Award for about Rs. 95,000.00 given in favour of Bharat Sevak Samaj, Manipur and realised partly. Execution proceedings in respect of balance of Rs. 32,000.00 is under process of the Court.	9	Compost Farm at Imphal	The matters are under dispute. Some amounts were held up by the Department.
2	Lousipat Drainage Scheme (Earthwork).	Award for about Rs. 24,000.00 given in favour of B.S.S., Manipur and realised. A separate application in respect of amount withheld submitted to the appointing authority for appointment of an Arbitrator.	10	Wireless Transmitting Station.	Do.
3	Minor Irrigation Scheme at Sena Ichil.	Award of Rs. 1,000.00 given in favour of B.S.S. Manipur. The matter is still under process of the Court.	11	Bridge over Irong River	Do.
4	Construction of Chamarries at Leimakhong.	Under Arbitration.	12	Construction of Wireless Quarter at Kagpokni.	Do.
5	Construction of Bridge at Leimakhog.	Application already submitted for appointment of Arbitrator.	13	Construction of I.T. Road at 50th mile.	Do. In addition to this claim, the B.S.S. claims interest on the amount withheld wrongfully.
6	Construction of Tolloi Chingmeikhulen Road (5-6 Miles).	Notice under 80 CPC already served. There are no clauses for settlement of disputes by Arbitration.	14	Construction of I.T. Road (7-9 Miles and 10-11½ Miles).	The matters are under dispute.
7	Construction of I.T. Road (0-3 Miles and 4-6 Miles).	Do.	15	Imphal River Bund Work (2-5 Miles).	Some amounts were held up and still not paid.
8	Construction of Sansak Chased Road	Do.	16	Imphal River Bund Work (5-7 Miles).	Do.
			17	S.R. to Bridges and Culverts at Tidim Road.	Some amounts are under disputes.
			18	Construction of Moreh Puimini Rd.	Do.
			19	Lamphelpat Main Drain	Do.
			20	Lamphelpat Main Drain Subsidiary Drain.	Do.
			21	Churachandpur Tipaimukh Road.	Some amounts were held up. The same is still lying with the PWD.
			22	Road connecting Tidim Road.	Do.
			23	Improvement of Culverts at Tidim Road.	Do.



सत्यमेव जयते

Chapter 49

OTHER ASSISTANCE OR CONCESSIONS GIVEN TO B. S. S.

(i) *Grant of exemption from payment of Income-tax to the Bharat Sevak Samaj.*

The Bharat Sevak Samaj was formed on August 12, 1952 with certain objectives, principles and functions and was registered as a society under the Societies Registration Act (XXI of 1860) on the December 17, 1952. Immediately on its formation the Bharat Sevak Samaj desired to seek donations and for that purpose it approached the Central Board of Revenue in October, 1952 for issue of a certificate stating that any person making a donation to the Bharat Sevak Samaj would get a rebate of tax on such donations in Section 15(b) of the Income-tax Act, 1922.

49.2 The Ministry of Finance recorded the following decisions on this request :

“The Samaj is undoubtedly an organisation for general public utility and to the extent funds are collected for the non-local activities of the Samaj they would come within the scope of section 15-B as at present applied. Before, however, orders can issue, we should have an assurance that accounts are maintained separately for the local and larger activities of the Samaj and that funds which get the benefit of section 15-B are applied for latter purpose only.”

49.3 The records do not show whether any assurance was obtained from the Bharat Sevak Samaj that the accounts should be maintained separately for the local and larger activities of the Samaj and funds which represent the benefit of section 15-B were applied for latter purposes only. No records in this connection have been produced before this Commission.

49.4 On March 3, 1953 a letter was issued authorising the relief mentioned in Section 15-B in the case of persons making donations to the Bharat Sevak Samaj.

49.5 In January, 1955 the Bharat Sevak Samaj entered in the field of Commercial activity *viz.* taking up contracts of construction works. Initially these contracts were executed by the Samaj itself but later on owing to the expanding volume of such activities a separate agency called the Bharat Sevak Samaj Construction Service with a definite constitution was set up in 1958 for handling these construction works. The Constitution of this Construction Service sets out a separate set of objectives, functions and a separate set of provisions relating to its structure, administration and funds. This Construction Service was to be administered by a Central Advisory Committee and a Central Managing Committee consisting of persons appointed by the President and the Administrative Committee of the Bharat Sevak Samaj. Earnings arising from the construction works in the constitution were to be placed in a General Fund after making provisions for various reserves. This General Fund was at the disposal of the Administrative Committee of the Bharat Sevak Samaj. The allocations for reserves were as follows :

- (i) 25% to be set out as an All India Reserve;
- (ii) 25% to be retained for acquiring equipment and use as working capital by the Central Service or the Pradesh Branches;
- (iii) 25% to be made available for the activities of Central Organisation of the Bharat Sevak Samaj; and
- (iv) 25% to be made available for the activities of Pradesh branches and the benefit of the local community.

49.6 It appears that no assessment of the Bharat Sevak Samaj under the provisions of the old Income Tax Act, 1922 was made. This is shown by a note submitted to the Public Accounts Committee by the Ministry

of Finance before the Committee finalised the 34th report for the year 1964-65.

49.7 After the new Income Tax Act, 1961 came into force a reference was made to the Central Board of Revenue by the Bharat Sevak Samaj and the Planning Commission requesting the Board to declare that the income of the Bharat Sevak Samaj including the surplus arising from the Construction Services would be exempt from tax under Section 11 of the New Act. The necessity for this request arose because the various Departments of the Government insisted on production of Income Tax Clearance Certificate before awarding contracts to the Bharat Sevak Samaj. At the instance of the Central Board of Direct Taxes the Commissioner of Income tax asked the Bharat Sevak Samaj to send statements of its accounts. The Bharat Sevak Samaj furnished in July 1963 the Receipt and Payment statements of the Central Bharat Sevak Samaj (for the loans) for the year ending March 31, 1962 and consolidated Profit & Loss Account and Balance sheet of the Bharat Sevak Samaj Central Construction Service in respect of certain works. As these accounts did not appear to give a complete picture the Central Board of Revenue obtained from the Bharat Sevak Samaj a consolidated statement of its receipts and payments for the year 1957-58 to 1962-63. The audited accounts were not made available because it was stated that they had not been compiled. The Ministry of Finance informed the Public Accounts Committee that on the basis of these consolidated statements, the Central Board of Direct Taxes was satisfied that the expenses incurred generally were for objects of general and public utility. After consulting the Law Ministry, the Board took the view that the surplus arising from the Construction Service would be exempt from tax under the Income Tax Act, 1961 also subject to the restrictions imposed under Section 11 of the Act. The Commissioner of Income Tax was informed accordingly in August 1964 by the Central Board of Revenue and thereafter the Commissioner wrote to the Bharat Sevak Samaj in September 1964 enclosing an exemption certificate under Section 11 of the Act, 1961 and he also called for the accounts of the Bharat Sevak Samaj.

49.8 The Public Accounts Committee (1964-65) in its 34th Report observed that the

legality of exempting the profits from construction works under the Income Tax Act 1961 was open to doubt. They expressed the following views :—

“If the Construction Service is merely a part of the activities of the Bharat Sevak Samaj pursuant to its objectives, the Samaj will not be eligible for the exemption provided under section 11 of the Income Tax Act 1961 because of the altered definition of “charitable purpose” in the new Act. Under the new Act, it is not every object of general public utility which will be regarded as a charitable purpose but only those objects which do not involve the carrying on of an activity for profit. (See S. 2(15)). In the opinion given by the Counsel for the Bharat Sevak Samaj (Appendix XLII) it is stated that this qualification in the new Act, did not in any way alter the meaning and content of the definition and merely expressed what was implicit in the definition under the old Act. This view does not appear to the Committee to have been based on a correct appraisal of the intention of the Parliament.”

49.9 They also said that the Construction Service may more appropriately be regarded as a business undertaking on the following grounds :—

“If the profits or any portion of it arising from the construction activity are spent on the construction activity itself, the purpose ceases to be charitable. From the facts narrated in the preceding paragraphs it is clear that the construction activity itself is claimed to be a charitable activity pursuant to the objects of the Samaj and therefore the money spent on this activity has been claimed to be money spent for charitable purposes. This claim does not appear to be sustained by the definition of charitable purpose as set out above.

Apart from this, even as regards that portion of the earnings which is placed in the general fund for being spent on purposes other than the construction work, such amounts will qualify for exemption only if the income is derived from property held under trust or a business undertaking held under trust for charitable purposes. Whatever may be

the position of Construction Service under the old Act, under the new Act a distinct classification is made between property held under trust and a business undertaking held under trust. The Construction Service may, more appropriately, be regarded as a business undertaking”.

49.10 The Committee also held that (i) the Income Tax Department did not take any steps to ascertain the nature of the activities of the Construction Service for the purpose of finding out the assessability or otherwise of the income;

(ii) in each of the years from 1955 to 1964 the Income Tax Officer should have called for the account books of the Construction Service;

(iii) The whole procedure adopted in issuing a Tax Clearance Certificate on the basis of a provisional report from the Commissioner of Income Tax on the basis of an incomplete statement of receipts and expenses which did not reflect all the transactions of the Construction Service which were unaudited was wrong.

49.11 The Committee recommended that as the Bharat Sevak Samaj had not produced the accounts the Tax Clearance Certificate should be withdrawn pending production of the accounts and only if it was found on examination of the accounts that no tax was recoverable from the Samaj then only the Tax Clearance Certificate should be re-issued.

49.12 This Commission had asked the Ministry of Finance to state the present position of the income-tax assessment of the Bharat Sevak Samaj and in their affidavit filed on January 19, 1970 the Ministry of Finance stated that provisional income tax exemption certificate issued under Section 11 of the Income Tax Act of 1961 issued on September 15, 1964 in respect of the Construction Service of the Bharat Sevak Samaj was cancelled on June 8, 1965. They also clarified that the Bharat Sevak Samaj started maintaining their accounts from August 1, 1952. They also clarified—

“As such, the first assessment year in which it could have been assessed was 1954-55. But it did not have any business activities or assessable income for the assessment years 1954-55, 1955-56 and 1956-57. It did not file any return for the first two years and a nil return was filed

by it for 1956-57 in response to a notice under Section 148. The Income Tax Officer made the assessment at nil, observing that the assessee was a charitable institution. The assessments for the assessment years 1957-58 to 1969-70 are pending.”

In reply to further questions issued to them the Ministry of Finance also clarified on March 21, 1970 :—

“So far as assessments under the Income Tax Act, 1922 are concerned, it may be stated that though the objects of the Samaj are charitable in nature, it has been found that the profits from the Construction Service have not been utilised for the purposes of the Samaj and hence the income from the Construction Service would be liable to income tax under Section 4(3)(i) of the Income Tax Act, 1922”.

49.13 The following further questions were also issued by this Commission and the Ministry of Finance have furnished their replies to these questions as follows :—

“(ii) Appendix 3 of the booklet “Bharat Sevak Samaj Construction work on Projects—A review of the work done on Construction Projects during 1955-59” states that the following works were executed by the Bharat Sevak Samaj during the period 1954-57 :

Name of work	Amount of Construction	Savings to Bharat Sevak Samaj
1	2	3
	Rs.	Rs.
(i) Jamuna Bund 1956 .	6,85,188	58,000
(ii) Construction of Canals and Distributaries Chambal Project 1955 & 1955-57.	3,27,600	Profits earned have not been indicated.
(iii) Construction of embankments and excavation of canals. 1955 1956	15,00,000 27,00,000	Profits earned for this period not indicated.

The Samaj has claimed a saving of Rs. 16 lakhs for the Rs. 200 lakhs work done in Kosi during the period 1954-55 to 1961-62. See Annexure I Appendix XLI to P.A.C's 34th Report 1964-1965.

Please see the reply to question No. 3.

1	2	1	2
<p>2. In the affidavit submitted by Mr. P. Govindan Nair, Secretary to the Government of India, Department of Revenue and Insurance of the Ministry of Finance, the following is stated in paragraph (iii):</p>	<p>“But it [(the Bharat Sevak Samaj)] did not have any business activities or assessable income for the assessment years 1954-55, 1955-56 and 1956-57. It did not file any return for the first two years and a nil return was filed by it for 1956-57 in response to a notice under section 148. The income Tax Officer made the assessment at nil, observing that the assessee was a charitable institution”.</p>	<p>dated October 6, 1967 Annexure A. It was, therefore, stated on the basis of this information that the Samaj had no business activities during the “previous years” relevant to the assessment years 1954-55, 1955-56 and 1956-57.</p>	
<p>3. Please explain the contradiction between the statement of your affidavit and what is stated in (i) and (ii) of question No. 1.</p>	<p>The clarification sought by the Commission may be conveniently divided into the following two questions :</p>	<p>49.14 It may be mentioned in this connection that the Samaj did not file any Income tax return for the assessment years 1954-55 and 1955-56 and even when it did file a return declaring ‘nil’ income for the assessment year 1956-57, it did not disclose in the statement of accounts filed with the said return any receipts from any of the three ‘projects’ referred to in Question (ii) above referred to in Para 49.13. In the light of the information available in the booklet styled “Bharat Sevak Samaj Construction work on Projects—A review of the work done on construction projects during 1955-59”, the Commissioner of Income tax is having thorough enquiries made as to whether it was the Samaj which had carried on the construction activities referred to in Question 1(ii) and whether any income arose to it on such activities during the accounting years relevant to the assessment years 1954-55, 1955-56 and 1956-57. If necessary, he will have suitable action taken for assessing the income which may have escaped assessment for any of these years.</p>	
	<p>(i) whether the Bharat Sevak Samaj had any business activities during the “Previous years” relevant to the assessment years 1954-55, 1955-56 and 1956-57. ?</p>		
	<p>(ii) whether the income of the Bharat Sevak Samaj, if any, arising during the “previous years” relevant to the assessment years 1954-55, 1955-56 and 1956-57 were assessable to Income tax; ?</p>	<p>“Regarding (ii), it may be stated that the Ministry have not disputed that the objects of the Samaj were charitable in nature ; the only dispute is whether the Samaj actually applied for accumulated for application its income for charitable purposes. If it did not, the income would not be exempt from tax under Section 4(3)(i).</p>	
	<p>Regarding (i), the information available from the Income tax records suggested that the Construction Service of the Samaj had started for the first time in December, 1955 and that no payments had been received by the Samaj till March 31, 1956-</p>	<p>“As no evidence had been produced before the Income Tax Officer, in the course of the proceedings for 1956-57 about the actual disposal of the income of the Samaj, it was incorrect on his part to have treated the income of the Samaj as exempt u/s 4(3)(i) of the Income-tax Act 1922. The Commissioner of Income-tax is examining this point and will cancel the assessment order u/s 263, if necessary.</p>	

49.15 In this connection, the reply to question No. 5 may also be seen.

4. In view of the facts contained in question No. 1(ii) would the activities therein indicated be assessable to income tax under the provisions of the Income Tax Act, 1922 or not ?
4. If the Bharat Sevak Samaj is found to have been engaged in construction activities, as indicated in Question No. 1(ii), its income, if any, would be assessable to Income-tax on the basis of the Ministry's view referred to in para No. 1(i).
5. Please state the basis on which it came to the conclusion which is contained in question No. 1(i) ?
5. The question of exemption of income of the Samaj u/s 4(3) (i) of the Income Tax Act, 1922 and Section 11(1) of the Income Tax Act, 1961 was examined at length in consultation with the Standing Counsel to the Income-tax Department and the Ministry of Law, who advised that the income of the Samaj would not be exempt from tax under either of the Sections, as the required conditions were not satisfied by the Samaj. Copies of the Standing Counsel's opinion dated October 8, 1965 and extracts from the Law Ministry's opinion dated February 15, 1968 are enclosed (vide Annexure 'B').
6. Your attention is drawn to paragraph 14(a) of the constitution of the Construction Service of the Bharat Sevak Samaj wherein a provision is made for the creation of a special Reserve Fund to which contributions upto the extent of about Rs. 2 lakhs were to be made by the Bharat Sevak Samaj. Does this investment in your opinion fall in any one of the objects mentioned in the Memorandum of the Bharat Sevak Samaj.
- Para 14(a) of the Constitution of the Construction Service provides for the creation of a Special Reserve Fund to which the Bharat Sevak Samaj would initially invest Rs. 2 lakhs. The Commissioner of Income tax has reported that the provision was not given effect to and that, as a matter of fact, the Bharat Sevak Samaj have never contributed any amounts to the Reserve Fund of the Construction Service.
7. Did you satisfy yourself that it properly falls within one of the objects of the Bharat Sevak Samaj as contained in its Memorandum of Association ?
- The objects of the Bharat Sevak Samaj of developing avenues of voluntary service for the citizens of India of promoting national sufficiency and special well-being of the community etc. were considered by the

On what basis did you come to the conclusion that the Samaj qualified itself for the continued approval of the Government for the purposes of sub-section (i) of Section 15-B of the Income Tax Act, 1922 Act XI of 1922).

Central Board of Revenues as objects of general public utility, which were of charitable nature. On this basis the Government approved the Samaj for the purpose of sub-section (i) of Section 15-B of the Income Tax Act, 1922. A copy of the Notification dated March 3, 1953 in this respects already been sent to the Commission. With the withdrawal of the exemption u/s 11 of the Income Tax Act, 1961 the Notification dated March 3, 1953 has automatically become inoperative."

49.16 From these replies of the Ministry it appears that the Income tax assessment from 1956-57 is still pending.

49.17 The Commission would only like to add that the Samaj has not produced any single set of accounts showing all their receipts and payments and whatever accounts have been produced before this Commission have been discussed in the other Chapters.

(ii) *Issue of Free Railway Passes to the Bharat Sevak Samaj*

49.18. In June 1953 the Office Secretary of the Central Bharat Sevak Samaj approached the Railway Board for issue of 65 free Railway passes to enable the workers of the Bharat Sevak Samaj to move about the country in connection with the work of the Samaj. The files containing the request of the Bharat Sevak Samaj and subsequent action taken thereon in 1953 have not been produced before this Commission as they are stated to have been destroyed after the prescribed period of preservation. But there is a note in the files of the Railway Board of the year 1958 from which it is seen that the request of the Samaj was considered and the Railway Board issued 2 All India First Class complimentary Card Passes to the office bearers of the Central Board of the Bharat Sevak Samaj available for a period of one year. These 2 Card passes were renewed for another year upto July, 1955.

49.19. In May, 1955, the Bharat Sevak Samaj requested the Railway Board for the issue of additional First Class complimentary Card Passes at the rate of one pass for each of the Zonal Railways in addition to the 2 First Class Card Passes already issued to them and their renewal also was asked for. On this request of the Samaj the Railway Minister ordered

that the Board to extend to the Samaj greater facilities and that 2 more passes for 2 Zonal Railways may be issued. Accordingly besides renewing the 2 First Class All-India Card Passes, 2 more First Class complimentary passes, one each available over the Northern and Western Railways were issued to the Samaj. In August 1956, the Samaj again requested the Railway Board to issue more passes for the reason that the activities of the Samaj were increasing rapidly. On this request the Railway Minister passed orders for the issue of the following additional complimentary passes to the Bharat Sevak Samaj ;

- (i) One First Class All India Card Pass in addition to the 2 First Class All India Card Passes already held by the Bharat Sevak Samaj, and
- (ii) 5 First Class Card Passes each available over the Central Eastern, North-Eastern, Southern and South-Eastern Railways respectively in addition to the 2 First Class Card Passes already issued over the Northern and Western Railways.

49.20 Thus in all the Bharat Sevak Samaj were issued 10 First Class Card Passes (3 All India and 7 for the Zonal Railways—one pass being available over each Zonal Railway). These Card Passes were renewed in 1957 for another year. The period during which these passes were in force were as follows :

Sl. No.	Date from which in force.	Date on which the currency of the pass expired	Whether All-India or Zonal
1	4-8-1953	24-7-1958	All India
2	4-8-1953	20-8-1958	Do.
3	2-8-1956	26-8-1958	Do.
4	2-8-1956	31-7-1958	Available over Northern Railway.
5	2-8-1956	31-7-1958	Western Railway
6	25-9-1956	24-9-1958	Eastern Railway
7	25-9-1956	23-9-1958	S.E. Railway
8	25-9-1956	23-9-1958	Southern Railway
9	25-9-1956	23-9-1958	N. E. Railway
10	25-9-1956	23-9-1958	Central Railway

49.21 In July, 1958 the Bharat Sevak Samaj requested the Railway Board to renew all the 10 Card Passes. Before considering the renewal the Railway Board asked the Bharat Sevak Samaj to furnish the details of the financial assistance received from the Government and also called for the details of the various journeys undertaken on the 10 complimentary Card Passes issued to the Bharat Sevak Samaj. The Samaj furnished the details of grants received from the Ministries of Education, Information and Broadcasting and the Planning Commission and also gave the details of the journeys performed on the 10 free complimentary Card Passes during the preceding year. The Railway Board worked out the approximate cost of the journeys undertaken on these passes during the year 1957-58 as Rs. 30,000/-.

49.22 After a careful review the Railway Board sanctioned the issue of the following Card Passes :—

- (i) Two First Class All India Card Passes in favour of 2 names on each (either one of the two to travel at a time) and ;
- (ii) One Third Class All India Card Pass in favour of one worker of the Bharat Sevak Samaj.

In accordance with this decision the Railway Board on December 11, 1958 asked the Bharat Sevak Samaj to intimate the names of the persons in whose favour the 2 First Class Card Passes were to be issued. In reply the Secretary of the Bharat Sevak Samaj wrote to the Chairman of the Railway Board on December 12, 1958 that he had discussed the matter with Mr. G. L. Nanda who wanted the difficulties of the Bharat Sevak Samaj to be explained and a request made for reconsideration of the above decision of the Board. A minute recorded by the Chairman of the Railway Board on December 18, 1958 shows that Mr. Krishna Prasada met him and explained the matter. Mr. G. L. Nanda also wrote to Mr. Jagjivan Ram, Minister for Railways on December 29, 1958 asking for the issue of passes to the Bharat Sevak Samaj. On January 6, 1959 a phone call was also received by the Additional Member (Staff) from the Railway Minister on tour at Nagpur that complimentary passes as sanctioned to the Bharat Sevak Samaj should be issued on that day. The Third Class Pass was issued to the Bharat

Sevak Samaj on January 6, 1959 but 2 First Class Card Passes could not be issued as the names of the office bearers of the Bharat Sevak Samaj were not given to the Railway Board. On January 10, 1959 orders were received from the Railway Minister for issuing the 2 First Class All India Card Passes to the Bharat Sevak Samaj without mentioning the names of the office bearers of the Bharat Sevak Samaj.

49.23 Accordingly 2 First Class All India Card Passes were issued on January 10, 1959.

49.24 The note recorded by the Additional Member (Staff) on January 16, 1959 shows that Mr. Gulzari Lal Nanda was annoyed over delay in the issue of passes. The note read as follows :

"On January 1, 1959, Mr. Nanda, H. M. (Hon'ble Minister) Labour rang me up at Nagpur and expressed a measure of annoyance at the passes not having been issued in time. He added that our H.M. had not only agreed to the two First Class Passes as now issued but also to one more 1st Class Pass meant for Bharat Sadhu Samaj which is to be made available to the Samaj through the Bharat Sevak Samaj. I mentioned to him that I had no such orders and that I would place the matter again in respect of this Third Class pass before H.M. Request for the Third pass is submitted for orders".

49.25 The files show that the Railway Minister ordered the issue of a pass for the Bharat Sadhu Samaj as a very special case and a First Class All India complimentary Card Pass was issued to the Bharat Sadhu Samaj on February 3, 1959 available upto February 2, 1960.

49.26 Apart from these passes there was also a request for the issue of one First Class Pass in favour of Sant Tukdoji Maharaj, President of the Bharat Sadhu Samaj along with 2 members of his personal staff. This request came from Mr. S. K. Patil the then Union Minister for Transport and Communication. But Mr. S. K. Patil was informed on February 15, 1959 that already a First Class Pass had been issued in favour of the Bharat Sadhu Samaj.

49.27 Mr. S. K. Patil again wrote on March 12, 1959 to the Railway Minister to the effect

that the pass already issued to the Bharat Sadhu Samaj was being used by the Organiser of the Bharat Sadhu Samaj and Tukdoji Maharaj would get it only occasionally and therefore he wanted the pass should be issued in the name of the Sant Tukdoji Maharaj along with 2 members of his personal staff in recognition of the great service that he had been rendering to the people of the country. To this a reply was sent by the Railway Minister on September 3, 1959 that Sant Tukdoji resided at Gurukunj between Nagpur and Amraoti and usually entrained at Nagpur and for that reason it was difficult to guard against the abuse of the pass and was, therefore, reluctant to issue one in addition to that issued to the Sadhu Samaj. However, the Railway Board was asked to issue orders to the General Manager, Central Railway, to issue First Class complimentary cheque passes in favour of Sant Tukdoji Maharaj for his journey ex-Nagpur to any place in India and return on demand as and when required by him and Third Class passes for 2 of his personal staff. These instructions were issued by the Railway Board on September 15, 1959 for the First Class Pass and October 3, 1959 for the Third Class passes.

49.28 In respect of the passes issued to the Bharat Sevak Samaj one First Class All India Pass was renewed from time to time up to July 9, 1963 and thereafter it was discontinued. The other First Class All India pass and the Third Class pass were renewed upto July 15, 1969 and these were not renewed thereafter.

49.29 It appears that the Samaj in 1969 again requested for the renewal of the passes but the Railway Minister observed as under :—

"I have told the Parliament that such passes will be discontinued."

The Samaj was informed of the Government decision on July 30, 1969 but the Chairman of the Bharat Sevak Samaj, Swami Harinarayana Nand again wrote to the Railway Minister on August 4, 1969 for reconsideration of the decision on the following grounds :

"I am sorry for this uncharitable decision of the Railway Board. I cannot imagine that under your able leadership a leading voluntary organisation like Bharat Sevak Samaj should be deprived of this minimum privilege which it has been getting since 15 or 16 years without any fault".

49.30 The matter was reconsidered in the Railway Board and they regretted their inability to renew the Card Passes. Another attempt was made by the Samaj on November 29, 1969 to have the passes restored but on January 5, 1970, the Railway Board again rejected the request of the Samaj.

Concessions in Railway fare :

49.31 Apart from the issue of complimentary passes the Bharat Sevak Samaj was also given concessions in railway fares to the extent of payment of single fare to their members attending the annual meetings of the Bharat Sevak Samaj. These concessions were given under the rules of the Railway Board applicable to recognised All India bodies of educational, cultural and social importance under Serial No. 18(1) of Annexure 2 Rule 118 of the I.R.C.A. Coaching Tariff No. 17. The Samaj availed of this concession during all the years but the number of persons for whom the concession was availed of during the years is not available.

Use of the Passes by persons not connected with the Bharat Sevak Samaj :

49.32 The records of the Railway Board produced before this Commission show that the Samaj had asked for free railway passes to enable the workers of the Bharat Sevak Samaj to move about the country in connection with the work of the Bharat Sevak Samaj. The Samaj has not produced the records showing how the passes were used during the periods they were issued but the details of the use of the passes for a period of about one year from July 1957 to July 1958 were sent to the Railway Board and these details show that Pass No. 75 which was valid upto July 24, 1958 was used exclusively by the Secretary and other office bearers of the Bharat Sadhu Samaj and it was not used for the purposes of the Bharat Sevak Samaj at all. The details given for the other passes also for the same period show that Pass No. 78 was used both by the office bearers of the Bharat Sadhu Samaj and by the office bearers of the Bharat Sevak Samaj, and in many cases the journey performed had no connection with the work of the Bharat Sevak Samaj. In many cases full details of the purpose for which the journeys were undertaken have not been given.

Monetary Value of the Passes :

49.33 The approximate cost of journeys undertaken on the passes during the year 1957-58 alone was worked out as Rs. 30,000 and as the free passes were issued by the Railways from 1953 to 1969, the extent of indirect aid by the Railways to the Bharat Sevak Samaj by the issue of these free passes should be considerable. The Samaj has chosen not to produce complete records showing the journeys performed by different persons with the help of these free passes and therefore the exact financial assistance given by the issue of these passes have not been worked out. Nor can it be found as to what extent these passes were used only for the purposes intended.

All India Railway Tours organised by the Gujarat Pradesh Bharat Sevak Samaj :

49.34. The report of the Gujarat Pradesh Bharat Sevak Samaj for the year 1961 shows that once in every two years they organised a special training. The details of the earlier tours have not been indicated but from this report it is seen that during 1961 their third special train was organised to visit Northern India and Kashmir. About 400 persons participated and they visited Ujjain, Agra, Fatehpur Sikri, Mathura, Delhi, Amritsar, Chandigarh, Bhakra Nangal, Hardwar, Rishikesh, Srinagar, Phalgam, Jammu, Amarnath etc. It was a programme for 28 days.

49.35 In an emergent meeting of the Managing Committee of the Central Construction Service of the Bharat Sevak Samaj held on February 18, 1966 Mr. Dayabhai Jani, General Secretary of the Gujarat Pradesh Bharat Sevak Samaj said that a sum of Rs. 26,000/- representing the savings from the earning of the All India Railway tour conducted by the Gujarat Pradesh was lying in deposit with three parties known to Mr. Gulzari Lal Nanda and this money had not been paid to the Bharat Sevak Samaj.

49.36 From the records it is not clear whether these three tours mentioned in the report of the Gujarat Pradesh Bharat Sevak Samaj for 1961 were actually conducted by the Gujarat Bharat Sevak Samaj or by the District Unit and whether any more were held by this Unit or by the other Units of the Bharat Sevak Samaj. No accounts of these tours have been produced.

49.37 The only available information in the accounts of the Gujarat Pradesh Bharat Sevak Samaj is that in the Balance-sheet as on March 31, 1959 an amount of Rs. 2,835.82 is shown as the Special Train Tour Surplus Account, and by the year 1961-62 the surplus amount went up to Rs. 11,996.67 and was transferred to the Building Fund Account in the year 1961-62. This amount appears to be over and above the amount of Rs. 26,000/- which was kept by three persons referred to by Mr. Dayabhai Jani.

49.38 The Bharat Sevak Samaj have not produced any accounts of these special trains or tours undertaken but it appears that the concessions given by the Railways for enabling voluntary organisations to travel in connection with the organisation work were misutilised by the Bharat Sevak Samaj for running some special trains on a commercial basis and make profits out of the same. No accounts of these transactions have been produced before this Commission.



ANNEXURE 'A'

*Referred to in para 49.13**Extracts from the Enclosure to C.I.T., Delhi's**Letter dated 6-10-67**"Assessment year 1956-57*

The construction service was for the first time started w.e.f. December, 1955, when the construction of the western Jumna Bund, was undertaken. This project was completed on 25-11-58. The assessee has maintained the accounts on a project-wise basis and not on a yearly basis. No payment had been received till 31-3-56 and, therefore, income shown from the construction service till 31-3-56 has been

shown as nil. In general activities of the Samaj as already submitted in my report of 8-8-67 there was an expense of Rs. 22,39,263/- which was met by grants from the Central Government.

I, therefore, propose that the proceedings for the assessment year 1956-57 should be filed as there were no receipts from the construction service."



ANNEXURE 'B'

Referred to in para 49.15

Hardayal Hardy
B.A., L.L.B.
Senior Advocate
Supreme Court of India
Punjab High Court.

D-4, Defence Colony,
New Delhi-3, Oct. 8, 1965.

Dear Shri Sharda,

Ref: Bharat Sevak Samaj and its Construction Service—Assessability to Income-tax.

With reference to your D.O. No. D-1/24-6/124 dated the 19th August, 1965, and your personal discussions with me on October 7, 1965, I fully endorse your view that the captioned Samaj is not entitled to exemption from Income-tax under Sections 11 and 12 of the Income-tax Act, 1961 and *a fortiori* the donations made to it would not qualify for exemption in the hands of the donors under Section 88 of the said Act.

I agree with you that the words "advancement of any other object of general public utility" which describe the fourth and last residuary head of charity, though of very wide import, are qualified by the words "not involving the carrying on of any activity for profit". The objects of the Bharat Sewak Samaj are covered by this residuary head of charity. It is therefore essential that any business activity for profit involved in these objects has to be carefully examined with a view to find out whether the carrying on of such activity allows it to remain a charitable

purpose or not. From the facts stated at page 3 of your note dated 11-8-1965 I am led to believe that the activity for profit, namely the construction Service is a more dominant object in the case of the Samaj than the so-called primary object of charity.

In any case, all other objects appear to have been eclipsed or over-shadowed by this object. If the activity itself is held to be in connection with a non-charitable purpose that the exemption has to be with-held from the entire activity of the Samaj and that would obviously disqualify the donations made to it also. From your discussion with me, I gathered that over the years, the Samaj had neither applied nor accumulated its income from the Construction Service for application to any charitable purposes. On the other hand the income and profits for one year were invested by it in carrying on its business activity during the next year till some of the profits of one year were wiped off in losses during the subsequent year or years. If that is what the accounts show then the conclusion is inescapable that the Samaj would not qualify itself for exemption even under section 4(3)(i) of the old Act.

Yours sincerely,

Sd. (Hardayal Hardy)

Shri A. L. Sharda,
I.T.O.,
D-I District, New Delhi.



सत्यमेव जयते

Chapter 50

ACCOUNTS OF BSS

Accounts of the Bharat Sevak Samaj of activities not financed by Government

In this Chapter the Commission proposes to discuss the accounts of the General Section of the Bharat Sevak Samaj and those other funds which were mainly raised through their own efforts and of moneys received from non-Governmental agencies. The accounts discussed here are :—

- (i) The accounts of the Central Section of the Bharat Sevak Samaj.
- (ii) The Accounts of the General Administration Section of the Bharat Sevak Samaj.
- (iii) The Accounts of the Central Development Fund of the Bharat Sevak Samaj.
- (iv) The accounts of the Special Account maintained by the Chairman of the Bharat Sevak Samaj.
- (v) The accounts of funds received from Pope Paul for relief work.
- (vi) The accounts of the Provincial and District units of the Bharat Sevak Samaj.
- (vii) Accounts of Gift Articles received by the Bharat Sevak Samaj.
- (viii) Accounts of the activities carried out without the financial assistance of the Government.

The Accounts of the General Section of the Bharat Sevak Samaj

50.2 The Bharat Sevak Samaj has produced the audited accounts of their Central Office and of their General Administration Section only for a few years. The Samaj was registered as a society under the Societies' Registration Act on December 17, 1952, but it appears that

the Samaj had started functioning even before registration. But the first set of Receipt and Payment Account produced before this Commission begins from October 1, 1953. Originally the Central Office of the Bharat Sevak Samaj was called the National Headquarters. The accounts of the Central Office produced before this Commission are for the following periods :—

(1) From October 1, 1953 to March 31, 1960.

(2) From 1963 to 1966-67.

50.3 The accounts of the Central Office for the years 1960-61, 1961-62 and 1962-63 have not been produced.

50.4 In the beginning all grants received were routed through the Central Office and the individual sections dealing with grants maintained separate accounts for moneys which were released to them by the Central Office according to the requirements. But as all the funds were initially put in the Central Office, those funds were merged in a central pool from which the moneys were given to the various sections as when the need arose. Therefore, on enquiring into the utilisation of the particular grant for the particular purposes for which it was given well nigh impossible nor can it be said with certainty that the grant was exclusively used for the purpose it was given.

50.5 Sometime in 1960-61 the Central Office of the Bharat Sevak Samaj was reorganised and a separate General Administration Section was created for administering the activities of the Samaj. The Samaj has produced the audited accounts of the General Administration Section for the years 1961-62, 1962-63, 1963-64, 1965-66 and 1966-67, but no for 1964-65.

50.6 From the account produced this Commission has tried to find out the total receipts of the Central Office other than the grants from Government and how they were utilised. The Commission finds that from 1953-54 to 1966-67 the total donations, contributions and other receipts of the Central Office totalled Rs. 7,49,123.93. The receipts of 1960-61 have not been included in this as no accounts for that year have been produced by the Bharat Sevak Samaj. The break up of this account shows the source of receipts as follows :—

	Rs.
1. Donations	3,48,139.99
2. Contributions from Pradesh Committees.	40,034.07
3. Ear-marked donations	38,875.96
4. Miscellaneous receipts	58,909.12
5. Contributions from other Sections including contributions for water and electricity charges.	2,63,164.79
TOTAL	7,49,123.93

Out of these receipts the payments are as follows:—

1. Management expenditure met out of donations etc.	5,93,517.49
2. Contribution for expenses of Pradesh and District units	93,746.24
3. Expenditure on social welfare activities and ear-marked projects	29,384.92
TOTAL	7,16,648.65

50.7 Thus by the end of the 1966-67 there should have been a balance of Rs. 32,475.28 with the Central Office or the General Administration Section. The details of all this are given in Table 50-A. A few points about both the receipts and expenditure required clarification at this stage—

(1) The contributions from other sections totalling Rs. 2,63,164.79 include contributions from the Central Construction Service for running of the Central Office as well as contributions from sections like the Jan Jagaran, the Social Welfare Section, the Lok Karya Kshetra etc. towards water and electricity charges and rent which were initially paid by the Central Office but recoveries were made

from other sections on the basis of floor area occupied. The contributions from Central Construction Service identifiable as such in the Accounts of the Central Office and General Administration Section are as follows :—

1963-64	744.71	Central Office
	11,000.00	G.A. Section.
1964-65	11,000.00	
1965-66	2,739.59	Central Office
	17,220.00	G.A. Section.
1966-67	24,000.00	
TOTAL	66,704.30	

Thus apart from this sum of Rs. 66,704.30, the contributions from other sections towards water, electricity etc. comes to Rs. 1,96,460.49. It is needless to point out that the management expenditure shown includes this amount of Rs. 1,96,460.49. Therefore, the net management expenditure debited to its funds of 14 years comes to Rs. 3,97,057.00.

(2) The Commission has prepared a Table 50-B showing the Central Organisational Expenses claimed by the Bharat Sevak Samaj under the different schemes and the amounts admitted by the Ministries concerned. This table is marked Table-II and shows that the Samaj had claimed and partly received Rs. 18,06,272.91 as Central Organisational Expenses from the various Ministries for the different schemes. In many cases the claims are still pending with the Ministries which have yet to finalise the accounts. But the fact remains that the amounts spent by the Bharat Sevak Samaj on its Central Organisation from out of its own funds was substantially less than what is spent out of Government grants. The Commission has pointed out in the various chapters dealing with the grants that the Samaj utilised the workers employed under the Government schemes for the entire supervision of their organisation without any distinction being made between the grants-in-aid activities and the non-grants-in-aid activities. Thus it appears that the Central Bharat Sevak Samaj was mainly maintained out of the Government grants.

(3) The total expenditure on social welfare activities as shown in the accounts produced before this Commission is only Rs. 29,384.92 and this includes an amount of Rs. 20,000/- which has been shown in the accounts for the

year 1957-58 as donations. It is not shown who made the donations and who received them and what purpose they were given for. But it does show this much that out of the receipts amounting to Rs. 7,49,123.93 the amount spent on specific social welfare was only Rs. 9,384.92. This shows that a major portion of the receipts was expended on the maintenance of the Central Organisation i.e. on management. Thus a major part of the receipts amounting to 7.49 lacs was spent on maintaining the organisation.

The Samaj has claimed amongst welfare works a number of specific projects like digging of wells, construction of school buildings etc. etc. which they have carried out in different parts of the country. But unfortunately the Samaj was not produced any accounts to support this claim.

(4) From September, 1958 the Samaj was maintaining a separate account called the Central Development Fund Account. The accounts of these are not included in the Accounts of the Central Office. The Commission has dealt with the Central Development Fund Account in a later portion of this chapter. The Accounts of the Central Development Fund were included in the Consolidated Accounts of the Bharat Sevak Samaj which were prepared and submitted to the Planning Commission.

(5) Under the constitution of the Bharat Sevak Samaj the Pradesh and District units were required to contribute a percentage of their collections to the Central Bharat Sevak Samaj for its working. Up to the year 1963-64 the contributions received from the Pradesh Committees amounted to Rs. 40,034.07 but from 1964-65 no contributions appear to have been received. The accounts also show that the Central Samaj remitted to the Pradesh unit sums of money amounting to Rs. 93,746.24 for their expenses. How the units accounted for these amounts and how they spent them cannot be verified as the records of the Pradesh units are not before this Commission.

(6) The Samaj has produced the cash book and ledgers of their Central Office and General Administration Section for some but not all the years.

(7) In the year 1959-60 the Central Development Fund Account showed the contribution of Rs. 30,000/- to the Central Office whereas

the Accounts of the Central Office show a receipt of only Rs. 27,500/-. Thus a sum of Rs. 2,500/- was not accounted for in the Accounts of the Central Office.

(8) In the year 1960-61 the Accounts of the Central Development Fund show a payment of Rs. 20,000/- to the Central Office of the Bharat Sevak Samaj but as the accounts of the Central Office for that year have not been produced it has not been possible to verify whether the amount of Rs. 20,000/- was duly accounted for by the Central Office or not.

(9) Similarly in the year 1961-62 and 1962-63 the accounts of the Central Development Fund show payment of Rs. 2,999/- and Rs. 2,000/- respectively to the Bharat Sevak Samaj Central Office but as the Accounts of the Central Office for these years have not been produced it has not been possible to verify whether these amounts were duly accounted for by the Central Office.

Central Development Fund of the Bharat Sevak Samaj

50.8 Amounts contributed by the Central Construction Service to the Central Development Fund of the Bharat Sevak Samaj.— Under the constitution of the Construction Service of the Bharat Sevak Samaj the creation of a special reserve fund was provided for and a separate account was to be maintained for that. The special Reserve Fund was to be made up of—

(a) The Special Reserve shall be made up of—

- (i) A sum of rupees two lakhs to be invested initially by the Bharat Sevak Samaj ;
- (ii) Any additional amount which may be contributed by the various projects and branches of the service ;
- (iii) Interest on the investment under (i) and (ii) above.
- (iv) Any other amount which may be set aside for this purpose by the Service or by the Bharat Sevak Samaj.

(b) The Special Reserve shall be used only as security for loans, for emergency payments in accordance with the decision of the Administrative Committee of the Bharat Sevak Samaj. The payment thus made shall be recovered as early as possible.

50.9 The Bharat Sevak Samaj have stated that they did not contribute the contemplated sum of Rs. 2,00,000/-.

50.10 Neither the records nor the accounts of the Bharat Sevak Samaj show that this Special Reserve Fund was created but in the accounts of the Construction Service and the accounts of other sections there is a reference to a Central Development Fund. The Bharat Sevak Samaj has also produced the unaudited Receipt & Payment Account of the Central Development Fund for the period from 1st September, 1958 to 31st March, 1964. They have also produced the following records of the Central Development Fund :—

- (1) Cash Books from 1st September, 1958 to 24th October, 1969.
- (2) One ledger of the Central Development—period not mentioned. But there are entries up to 8th November, 1963 but this ledger does not appear to be complete.

50.11 As mentioned earlier the accounts of the Central Development Fund were never audited.

50.12 In the accounts of the Delhi Works Unit of the Central Construction Service for the period ending March 31, 1966 an amount of Rs. 1,47,397.54 was shown as contributed to the Central Development Fund from the Central Construction Service. The accounts of the Delhi Works Unit for the earlier years show that the amount was first shown in the consolidated Balance Sheet of the Bharat Sevak Samaj Central Construction Service July 31, 1963 on the Assets side an amount of Central Development fund Account—pending Adjustments—Rs. 1,47,397.54. This amount was carried over in the Balance Sheets for the subsequent years until it was written off in the accounts for the year ending March 31, 1966.

50.13 The relevant ledgers of the Central Construction Service showing payments to the Central Development Fund have not been produced and, therefore, the dates on which these payments were actually made could not be verified. The unaudited Accounts of the Central Development Fund from September 1, 1958 to March 31, 1964 produced before this Commission, however, show that in the Central Development Fund only the following

amounts were received from the works taken up by the Central Construction Service in different years :—

Year of Account	Name of the Work from which contributions were received.	Amount in Rs.
1959-60	Left Marginal Jamuna Bund	2,000.00
1960-61	Do.	36,700.00
1960-61	India Exhibition Works	35,008.09
1961-62	Do.	22,000.00
	TOTAL	95,706.09

50.14 Besides this an amount of Rs. 2,000/- is shown in the Account of the Central Development Fund for the year 1959-60 as loan received by the Central Development Fund from the Bharat Sevak Samaj Construction Service. Up to the year 1963-64 this loan was not repaid. Thus on the whole the total amount received from the Central Construction Service accounted for by the Central Development Fund is only Rs. 97,708.09 whereas in the Combined Balance Sheet of the Central Construction Service as on July 31, 1963 the amount given to the Central Development Fund is shown as Rs. 1,47,397.54. In other words Rs. 49,689.45 is not accounted for by the Central Development Fund. As mentioned earlier in the absence of the books of accounts of the Central Construction Service it has not been possible to verify as to when these amounts were given to the Central Development Fund and to whom these amounts were given. But the fact remains that out of the contributions made from the Central Construction Service to the Central Development Fund an amount of Rs. 49,689.45 was not accounted for.

50.15 Apart from this contribution it is necessary to discuss certain other transactions which are shown in the Accounts of the Central Construction Service between itself and the Central Development Fund.

50.16 In the Combined Profit & Loss Account for the period ending July 31, 1963 of the Central Construction Service an amount of Rs. 1,60,581.10 is shown on the expenditure side as payment as "Expenses met from the Central Development Fund including expenses for the previous years Rs. 1,61,581.10".

When these amounts were paid to the Development Fund is not clear from the records as no books of accounts of the Central Construction Service up to the period ending July 31, 1963 have been produced. But the fact remains that by including this amount on the expense side the Central Construction Service should have made the payment to the Central Development Fund. In the accounts of the Central Development Fund, however, there is no receipt of this amount. Therefore besides the amount of Rs. 49,689.45 mentioned earlier the Central Development Fund has not accounted for another sum of Rs. 1,61,581.10 also. The total amount thus not accounted for by the Central Development

Fund comes to Rs. 2,11,270.55. There is nothing to show as to what happened to this amount.

Accounts of the Central Development Fund

50.17 The Accounts of the Central Development Fund were examined in order to ascertain as to what happened to the amounts contributed from the Central Construction Service to the Central Development Fund. As mentioned earlier the unaudited accounts of the Central Development Fund have been produced from September 1, 1958 to March 31, 1964. The receipts and payments shown therein are as follows :—

Donations Received		Donations & Constructions	
Receipt		Payments	
Kosi Project	85,000.00	B.S.S. Central Office Expenses	99,629.00
Katihar Railway Construction Unit.	15,500.00	B.S.S. Construction Service expenses	1,41,154.28
Andhra Pradesh	2,871.00	Bharat Sadhu Samaj	27,137.73
Kotah (Chambal Samiti)	3,000.00	Chairman's Office expenses	1,020.00
B.S.S. Bombay	1,35,000.00	Purchase of Jeep	6,300.00
B.S.S. Agartala	1,500.00	Purchase & Registration of Land	18,914.64
B.S.S. Manipur	20,000.00	Miscellaneous Expenses	2,388.84
B.S.S. Varanasi	100.00		
L.M. Jamuna Bund	38,700.00		2,96,544.51
India Exhibition	57,008.09		
		<i>Loans & Advances</i>	
Youth & Work Camp Section.	200.00	B.S.S. Central Office	26,142.05
Others	1,37,578.42	B.S.S. Lok Karya	2,200.00
Miscellaneous Receipts	18,231.34	B.S.S. Training Centre	4,468.55
	5,14,688.85	B.S.S. Jan Jagran Group	45,476.55
		Bharat Yuvak Samaj	1,000.00
		B.S.S. Hyderabad	10,000.00
		Mr. T.S. Moorthi	600.00
Loan from B.S.S. Construction Service	2,000.00	Mr. R.N. Mehta	200.00
	5,16,688.85	Mr. M.D. Mithal	2,256.00
		Mr. Bishamber Dutt	50.00
			92,393.15
			92,393.15
		Fixed Deposit with D.C.M.	22,020.00
		Needs of Life Co-op. Bank	1,05,250.00
		Current A/c. with Punjab National Bank	481.19
			5,16,688.85

50.18 The figures given above show that a sum of Rs. 1,41,154.28 were expenses incurred by the Central Development Fund on behalf of Central Construction Service upto March 31, 1964. In the consolidated Profit & Loss Account of the Construction Service as on July 31, 1963 the expenses incurred including expenses of the previous years comes to Rs. 1,61,581.10. These two figures are at variance with each other and the accounts do not explain this difference. It may also be mentioned that during the period September 1, 1958 to March 31, 1959 the Central Development Fund have shown the payment of an amount of Rs. 44,630 to the Central Office. In the Central Office accounts for the period the following expenses incurred for the Project Section which was then the name of the Construction Service are shown :—

Maintenance allowance to staff	19,094.81
Postage	945.00
Furniture	97.13
Stationery	251.61
Travelling Expenses	41.25
Hire of typewriter	483.00
Payment on behalf of the Project Section.	2,239.96
TOTAL	23,152.76

50.19 If the two sums, one of Rs. 1,41,154.28 and the other of these expenses amounting to Rs. 23,152.76 are added up the total will exceed the sum of Rs. 1,61,581.10 which has been shown as expenses met from out of the Central Development Fund. Here again the figures do not tally with each other, and there is no explanation for it.

50.20 In the Accounts of the Central Development Fund the amount of donations received from the various Pradesh and District Construction Units is Rs. 2,62,971.00 whereas in the Combined Balance Sheet of the Central Construction Service as on July 31, 1963 there is an amount of Rs. 2,67,971.00 on the liability side which is shown as "The amount received from Pradeshes pending appropriation". In the Balance Sheets for the subsequent years this amount is carried over. Whether this amount shown in the Balance Sheet of the Central Construction Service is inclusive of Rs. 2,62,971 shown in the accounts of the Central Development Fund is not clear but it appears the Pradeshes had remitted this much.

There is, however, a difference of Rs. 5,000/- in the two amounts. When this amount was received by the Central Construction Service and from which state unit is not clear as no books of accounts of the Central Construction Service for this period have been produced before this Commission. There does not seem to have been any attempt to reconcile these figures which are at variance with each other.

50.21 The payment side of the Central Development Fund also show that the receipts of the Central Development Fund were utilised for donations and contributions to various units and associations, e.g. the Central Office, Bharat Sadhu Samaj, Chairman's Office, for the purchase of a jeep, for the purchase and registration of land, for giving loans to the Central Office, the Lok Karya Section of the Bharat Sevak Samaj, the Training Centre, the Jan Jagaran Group, the Bharat Yuvak Samaj, the Bharat Sevak Samaj, Hyderabad, M/s. T. S. Moorthy, R. N. Mehta, M. D. Mithal and Bishamber Dutt. But the following balances were shown as deposits :—

1. Fixed Deposits with D. C. M.	22,020.00
2. Needs of Life Cooperative Bank	105,250.00
3. Current Account with Punjab National Bank	481.19

Fixed Deposits with D.C.M.—Rs. 22,020.00

The cash book of the Central Development Fund shows that this deposits receipts was renewed from time to time. With interest it became Rs. 25,857.00 on March 23, 1966 when this amount was transferred to the account of the Central Section of the Bharat Sevak Samaj. The Receipt and Payment Accounts of the Central Section show the receipt of this amount and it appears it was utilised by the Central Section for meeting its day to day expenses.

Five Needs of Life Cooperative Bank—Rs. 1,05,250/-

Out of this amount an amount of Rs. 5,250/- was transferred to the accounts of the Bharat Sevak Samaj Central Section on March 18, 1966. On the same day Rs. 20,000/- were treated as contribution to the Bank and Rs. 80,000/- were paid to the Chairman, Bharat Sevak Samaj, Maharashtra State, Bombay, as repayment of loan received by the Central Construction Service from Bharat Sevak Samaj, Bombay.

50.22 Out of this amount the Delhi works have shown Rs. 1,00,000/- as their deposit with the above bank in the Fixed Deposit account. This is in their balance sheet of July 31, 1964. That means that both the Construction Service and the Development Fund are showing this amount as a part of their assets.

50.23 The balance of Rs. 481.19 in the Current Account with the Punjab National Bank was transferred to the Bharat Sevak Samaj Central Account on October 24, 1969 after deciding bank charges of Rs. 15/-.

50.24 The amount of Rs. 2,96,544.51 shown in the accounts of Central Development Fund was donated from Fund for meeting the expenses of the other Sections and sister institutions. Rs. 92,393.15 was given as loan and advances to the other Sections and to certain individuals connected with the Samaj. The records do not show the recovery of any part of this loan. In the absence of proof of recovery it should be treated virtually as a contribution. The amounts contributed to the various Sections and how they accounted for the same is discussed below :—

(i) *Bharat Sevak Samaj Central Office.*—The following payments were made to the Bharat Sevak Samaj Central Office from the Central Development Fund :—

	Rs.
Donations	99,629.00
Loans and advances	26,142.05
TOTAL	1,25,771.05

The accounts of the Central Office show that this amount was utilised for the day-to-day expenses of the Central Office of the Bharat Sevak Samaj. Apart from the Central Development Fund the other main source of receipts for meeting the expenditure of the Central Office was the contribution from the Central Construction Service has been discussed at another place.

(ii) *Bharat Sadhu Samaj.*—Rs. 27,137.75.—This amount was contributed from the accounts of the Central Development Fund during the period September 1, 1958 to March 31, 1964. As discussed at another place the Central Construction Service had also contributed Rs. 30,525.08 for the Bharat Sadhu Samaj and thus on the whole the Bharat Sadhu Samaj was the recipient of Rs. 57,662.83

from the Central Construction Service and the Central Development Fund of the Bharat Sevak Samaj. It is not clear from the records as to who authorised the payments to Bharat Sadhu Samaj from the Central Development Fund to this body whose only connection with the Bharat Sevak Samaj was a common Chairman, Mr. Gulzarilal Nanda but the reason for this donation is nowhere explained.

(iii) *Chairman's Office expenses & Miscellaneous Expenses :* Rs. 1,020 and Rs. 2,388.84.—It is not clear as to why these have been debited to the Central Development Fund.

(iv) *Purchase of Jeep :* Rs. 6,300/-.—It is not clear as to why the expenditure on this account has been debited to the Central Development Fund. What happened to this jeep is also not clear from the records.

(v) *Purchase and Registration of Land :* Rs. 18,914.64.—From this account it is not clear as to which land was purchased. On 23-4-1959 an amount of Rs. 1,543.00 is shown as the reimbursement of the Corporation tax, stamp duty and registration fee etc. of the deed of gift of the Patparganj land presented by Mr. H. R. Mithal. This reimbursement was made to Mr. Krishna Prasada, General Secretary of the Bharat Sevak Samaj.

On 18-1-1961 an amount of Rs. 9,700/- is shown as paid to the Central Account No. 3986 for paying the remainder of adjustment of claims of land purchased at Mehrauli. On 12-5-1961 an amount of Rs. 5,500 is shown as paid to the Bharat Sevak Samaj Central Account No. 3986 being repayment of loan of Work Camp Section taken to meet the payment for land purchased by the Bharat Sevak Samaj. Which land was purchased is not clear from the cash book. On 23-1-1963 an amount of Rs. 2,044.21 was sent to the Chairman of the Bharat Sevak Samaj, Punjab Pradesh for reimbursement of amounts spent for mutation of land in Yamuna Nagar (Jagadhari) in favour of the Bharat Sevak Samaj. On 1-4-1963 a further amount of Rs. 127.43 was sent to the Chairman of the Bharat Sevak Samaj, Punjab Pradesh being the incidental expenses on land purchased at Yamuna Nagar (Jagadhari) as redemption of mortgage of land by Mr. J. N. Sahni. Thus, the amount of Rs. 18,914.64 was spent either on purchase of land or for the registration of documents of gift in Patparganj Yamuna Nagar (Jagadhari) and in Mehrauli. The area of these

lands is not indicated in any of these records nor is actual value of the land indicated anywhere. The price of land is also not shown in the balance sheets of the Bharat Sevak Samaj.

(vi) *Bharat Yuvak Samaj—Rs. 1,000/—* This amount was given as loan from the Central Development Fund in addition to the contribution of Rs. 5,500/- made from the Delhi Works Unit of the Bharat Sevak Samaj. Thus, on the whole an amount of Rs. 6,500/- has been given from the Bharat Sevak Samaj Central Development Fund and the Central Construction Service to the Bharat Yuvak Samaj for its working. How the Bharat Yuvak Samaj used this amount, it has not been possible to verify as the account of the Bharat Yuvak Samaj have not been produced before this Commission in spite of the Commission's specifically asking for those accounts.

(vii) *Bharat Sevak Samaj, Hyderabad—Rs. 10,000/—* This amount of Rs. 10,000 given as loan to the Bharat Sevak Samaj, Hyderabad is in addition to the contribution made from the Central Construction Service as follows :—

	Rs.
(i) For Nagarjunasagar Works . . .	45,000
(ii) For B.S.S., Andhra Pradesh . . .	9,000

Thus, in all Rs. 64,000 was given by the Central Development Fund and the Central Construction Service together to the Bharat Sevak Samaj, Andhra Pradesh. The Bharat Sevak Samaj, Andhra Pradesh, as has been discussed, elsewhere had an accumulated loss of Rs. 3,81,656.61. They also owed to the State Government on account of loans and advances taken from the State Government Rs. 11,18,272.82 which has remained unpaid. The books of accounts of Andhra Pradesh Bharat Sevak Samaj have not been produced after March 31, 1965 nor have any accounts been prepared after March 31, 1965. As to how the loans taken from the State Government which were outstanding and the amount of Rs. 64,000 mentioned above given by the Central Bharat Sevak Samaj to the Andhra Pradesh Bharat Sevak Samaj were utilised by them it is not possible to verify.

(viii) *Advances given to M/s. T. S. Moorthy, R. N. Mehta, M. D. Mithal and Bishamber Dutt.*—The following loans are shown as outstanding on 31-3-1964 against

the following individuals in the accounts of the Central Development Fund :—

	Rs.
1. Mr. T.S. Moorthi	600.00
2. R.N. Mehta	200.00
3. M.D. Mithal	2,256.00
4. Mr. Bishamber Dutt	50.00

Mr. T. S. Moorthi was one of the resident Managers of the Central Construction Service. Mr. M. D. Mithal was General Manager of the Central Construction Service and Mr. R. N. Mehta was the Accountant of the Central Construction Service. What Mr. Bishamber Dutta was is not clear from the records. The records do not indicate that these amounts advanced to the individuals were recovered or adjusted.

(ix) *Jan Jagran Group : Rs. 45,476.55.—* This is the balance of the loans advanced to the Jan Jagran Group as on March 31, 1964. A scrutiny of the audited receipts and payment account for the year ending 1963-64, however, shows that balance of the amounts due from the Jan Jagran Group to the Central Development Fund was Rs. 38,195.49. Thus there is a difference of Rs. 7,000 in the balances shown in the unaudited accounts of the Central Development Fund for the year 1963-64 and in the accounts of the Jan Jagran Group. The ledgers of the Central Development Fund, however, show that the amounts not accounted for are an amount of Rs. 5,000 given to Jan Jagran Group on May 9, 1962 which was included in a cheque for Rs. 6,909.32 dated May 8, 1962. There was another amount of Rs. 2,000 given to the Jan Jagran Group on April 22, 1963 for the Bharat Yuvak Seminar.

The Bharat Sevak Samaj Jan Jagran Group apparently used the amounts for meeting their deficits for the different years but it is to be mentioned at this stage that the Bharat Sevak Samaj has put in a claim for Rs. 1,34,139.23 on account of the deficits for publishing the Bharat Sevak and other schemes during the years 1959-60 to 1961-62 with the Ministry of Information and Broadcasting.

(x) *Lok Karya Kshetras Group—Rs. 2,200/—*—Even though in the Central Development Fund Account this amount is shown as outstanding against the Lok Karya Group

as on March 31, 1964, the audited accounts of the Lok Karya Group do not show any dues to the Central Development Fund.

(xi) *Bharat Sevak Samaj Training Centre* : Rs. 4,468.55.—This is the balance out of the amount of Rs. 6,468.55 paid out of the Central Development Fund to the Ministry of Irrigation and Power being the unspent balance of the Training Centre Grant, which was paid on 21-12-1961. Out of this sum, a sum of Rs. 2,000 was repaid on September 28, 1961 to the Development Fund.

Accounts of the Special Fund kept by the Chairman, Bharat Sevak Samaj.

50.25 In his evidence before this Commission, Mr. G. L. Nanda who was the Chairman of the Bharat Sevak Samaj stated that a special account was operated by the Chairman of the Bharat Sevak Samaj to assist special activities of a kindred nature. The accounts of the special account have not been produced before this Commission and, therefore, it has not been possible to verify as to what accounts were kept in this account and how the amounts were utilised. It has also not been possible to verify the source from which this fund was created.

50.26 There are, however, two amounts about which some information is available. The cash book and the ledger of the Delhi Works Unit of the Central Construction Service of the Bharat Sevak Samaj show that an amount of Rs. 25,000 was paid to Mr. G. L. Nanda, Chairman of the Bharat Sevak Samaj from the accounts of the Delhi Works Unit by cheque No. A-001405 dated March 12, 1964. But there is no entry showing the receipt of this amount in the books of the Central Bharat Sevak Samaj and when Mr. G. L. Nanda was asked about this his reply was that it should have been credited to the special account he was maintaining of kindred nature. As already mentioned, the special account has not been produced before this Commission.

50.27 There is another amount of Rs. 25,000 which is shown as having been paid to Mr. G. L. Nanda on March 3, 1964 by cheque No. 050869. This is in the cash book and the ledger of the Maharashtra Pradesh Bharat Sevak Samaj Construction Service. This amount is also not shown in the books of the Central Bharat Sevak Samaj as a receipt and

when Mr. G. L. Nanda was asked about this his reply was that this also might have been credited to the special account he was maintaining for the kindred activities but this special account has not been produced before this Commission.

50.28 What other amounts, if any, were credited in the accounts and how all the amounts credited in the special account were utilised is not known as the accounts for these or any books of accounts have not been produced by the Bharat Sevak Samaj.

Accounts of the moneys received from His Holiness, the Pope Paul VI for relief and rehabilitation work in drought affected areas

50.29 The records of the Central Bharat Sevak Samaj show that \$25,000 were received by Mr. T. Ramachandra of the Bharat Sevak Samaj from His Holiness Pope Paul VI for relief and rehabilitation work in drought affected areas. The foreign exchange equivalent of this amounting to Rs. 1,18,750 is shown as receipt in the cash book of the Central Bharat Sevak Samaj on May 23, 1966. The cash book also shows that the dollars were exchanged through the National and Grindlays Bank Ltd., New Delhi.

50.30 The records of the Bharat Sevak Samaj also show that on November 22, 1966, another amount of Rs. 62,700 was received by them being the sale proceeds of the National Defence Remittance Certificate No. D. 004368 dated May 25, 1966, issued by the National and Grindlays Bank Ltd., Parliament Street, New Delhi. It appears that the National Defence Remittance Certificates were issued under a separate scheme formulated by the Government by which in order to attract remittances from abroad with a view to meet our defence and other requirements the parties were issued the National Defence Certificates which was a bank certificate enabling the parties to import certain approved items to the extent of 60% of the value of inward receipts. Those who did not wish to import these were in a position to transfer these entitlements to other parties.

50.31 It appears that the National Defence Remittance Scheme applied to voluntary and Charitable organisations and not to societies registered under the Societies Registration Act.

In the case of the amount received from Pope Paul VI it appears that the amount was received by Mr. T. Ramachandra and, therefore, the National Defence Remittance Certificates were issued in lieu of the foreign exchange that was brought in. The Samaj encashed the National Defence Remittance Certificates in the open market at Bombay through M/s. Badri Das, Gauri Dutt.

50.32 The Ministry of Finance were asked whether the Samaj was entitled to get the National Defence Remittance Certificates in lieu of foreign exchange brought in by them and they have stated that the transactions appeared to be legitimate under the National Defence Remittance Scheme.

50.33 The Samaj has not produced their relevant records on the grounds that this does not fall under the terms of reference of this Commission, and, therefore, it has not been possible to verify whether the donation from Pope Paul was received in favour of Mr. T. Ramachandra. The beneficiaries seem to be the Bharat Sevak Samaj as the receipts on account of foreign exchange received and the encashment of National Defence Remittance Certificates have been accounted for in the books of the Samaj. The Samaj has produced no audited accounts of the transactions relating to utilisation of the gift and the receipts under the National Defence Remittance Scheme.

Accounts of the Pradesh and the District Units

50.34 The Commission has discussed the working of the different Pradesh Units in the chapters relating to those Pradeshes. The accounts of the District Units and the records pertaining to them were, however, not available except in very few cases. Therefore, what amounts were received by the District Units and whether any proper accounts were kept for the same it has not been possible to verify. It has also not been possible to verify whether the Central Bharat Sevak Samaj have received any accounts from the different districts because they have chosen not to produce any of those accounts before this Commission.

Accounts of Gift Articles received by the Bharat Sevak Samaj

50.35 The Bharat Sevak Samaj was the recipient of various gift articles like skimmed

milk, foodgrain articles, milo from various agencies like the CARE. The receipt of these gift articles and their distribution has not been produced before this Commission.

50.36 It has, however, been found that in the case of some units of the Bharat Sevak Samaj like the Delhi Pradesh, some amounts were collected from the persons to whom the skimmed milk was distributed that went to augment the coffers of the Bharat Sevak Samaj.

50.37 The Government chose the Bharat Sevak Samaj as the agency for the distribution of milk powder and wheat in the flood affected areas of Bihar and West Bengal. The Ministry of Food and Agriculture (Department of Food) has produced some records and what is shown by those records is discussed below :—

50.38 On the request of the Bharat Sevak Samaj, West Bengal, the Ministry of Food and Agriculture (Department of Food) allotted 200 tonnes of wheat and 10 tonnes of milk powder to the Samaj for free distribution in the flood affected areas in West Bengal in 1968. Similarly, 200 tonnes of barley were allotted to the Bihar Unit of the Bharat Sevak Samaj for distribution in the flood affected areas in Bihar.

50.39 Out of 200 tonnes of wheat allotted, the West Bengal unit took delivery of 198.537 tonnes only in two instalments—one of 178.587 tonnes and second instalment of 19.950 tonnes.

50.40 Supplies were made to the Bharat Sevak Samaj on condition that the Department of Food will be kept informed of the progress of distribution through monthly reports indicating the opening balance, quantity drawn, quantity consumed during the month, rate of issue per family and the balance in hand. It was also stipulated that the distribution of wheat and milk in the flood affected areas of West Bengal will be made in consultation with the District Officer concerned.

50.41 It, however, appears that the Chairman of the Bharat Sevak Samaj, West Bengal did not submit the monthly progress report in the proforma indicated above. He sent two statements containing the quantity received and a list of free kitchen centres together with the number of beneficiaries who were given the food in respect of first instalment. In addition to the free kitchen centres, three dry centres were also opened for distribution of dry-

dole ration. The accounts of these centres were not furnished at all. Though the Bharat Sevak Samaj was requested to inform the rate of issue per family per day, this information was not furnished by them. They have merely indicated that the balance of wheat available with them was distributed subsequently to 1,07,060 beneficiaries. In the case of second instalment, the supplies were made to 79,600 beneficiaries at 2 kgm. per family.

50.42 As regards the milk powder supply to the Bharat Sevak Samaj, it is seen that they have distributed only 233 cartons out of 400 cartons of milk powder. How the balance of 177 cartons weighing 4.425 tonnes of milk powder was utilised, has not been shown by the Bharat Sevak Samaj.

50.43 In the case of 200 tonnes of barley supplied to the Bihar State unit of the Bharat Sevak Samaj, no report of this utilisation was received from the Bihar State unit.

50.44 In a letter addressed to Mr. Ram Avtar Shastri, M.P., one M. Nazir Ahmed of Darbhanga District complained of certain irregularities in the matter of distribution of food articles in the flood affected areas. It has been alleged that the food articles received for relief work, were sold in the black market by Shri Gangadhar Jha with the help of his brother Shri Vidya Nath Singh and Shri Kamal Narain Singh. He also alleged that by this corrupt practice, Shri Gangadhar Jha had collected property worth many lakhs and Shri Kamal Narain Singh had also built a house.

50.45 No records connected with these other than what has been discussed above have been produced either by the Bharat Sevak Samaj or the Ministry of Agriculture in the Department of Food. Therefore, the Commission has not been able to go into these Complaints.

50.46 The Commission, however, finds that in respect of gift milk powder and articles of good received, there were complaints of misuse against some officials of the Bharat Sevak Samaj, some of whom were convicted for selling those gift articles unauthorisedly. The instances in which such complaints are noticed from the records produced are as follows :—

- (i) In the Rajpur Lok Karya Kshetra in Meerut district the Mukhya Sahayogi and other members were convicted for selling milk powder meant for distribution among children in the market.

- (ii) In Kasapuram, Lok Karya Kshetra in Anantpur district grain and milk powder meant for distribution was reported to have been sold in the open market at Bellary.

- (iii) In the Bhoadbhoral Lok Karya Kshetra two of the paid workers of the Lok Karya Kshetra were convicted on charge of sale of milk powder.

- (iv) In Assam, the Programme Evaluation Team of the Planning Commission reported that a State Chairman misused milk powder donated by an American agency for flood victims and defalcated the funds. Another important office bearer was also responsible for embezzlement of funds.

Accounts of the activities carried out without the financial assistance of the Government

50.47 The Samaj has filed a statement before this Commission claiming that they had taken up a number of activities throughout the country from out of their own resources. They have grouped such activities under the following heads and have claimed that these were started and continued purely on public support :

1. Shramdan on projects
2. Health and Sanitation
3. Social Education centres
4. Women and Child Welfare
5. National Integration
6. Bharat Yuvak Samaj
7. Social Standards
8. Popularisation of Swadeshi
9. Relief and Reconstruction
10. Gandhi Krishi Seva Ashrams
11. Programme for National Defence.

50.48 Unfortunately the accounts of these activities have not been produced by the Bharat Sevak Samaj before this Commission and, therefore, it has not been possible to verify whether the Samaj took up any of these activities and if they took up any activities whether any public contributions were raised, whether accounts of the same were kept and if the accounts were kept what happened to those accounts. The Commission tried during its visit to the various States to get the accounts of these activities but unfortunately the Samaj has not produced any of these accounts. It has been found that the inspections by the Programme Evaluation

Organisation of the Planning Commission showed that in many cases the achievements claimed by the Bharat Sevak Samaj for its units were not the achievements of the Samaj but the achievements of other institutions like the Community Development Blocks, Panchayats, and Government agencies. Even the cooperative societies promoted by the efforts of the officials of the Cooperative Department of the Government were very often claimed as having been promoted by the Bharat Sevak Samaj by getting the necessary details of the membership, financial results etc. from the societies concerned and putting them in the reports of the Bharat Sevak Samaj.

50.49 The non-production by the Samaj of the accounts for all the activities makes it doubtful to believe that any accounts were at all kept. In the accounts of the Pradesh and District Units which have been produced, unfortunately no expenditure is shown

on the activities except very small amounts in some of the units. It is really surprising that a society registered under the Societies Registration Act should have been raising public contributions for various activities and keeping no accounts of the same. In the case of Balwadis, Women's craft centres which are included in the women and child welfare programmes, the Samaj when asked to produce the accounts replied that the accounts would have been maintained by the local people who organised those activities. This hardly is any explanation if the Samaj organised its activities they should have kept the accounts and if the local people organised these activities then the Samaj is not entitled to claim these activities as their achievements. In either case it is no credit to the Bharat Sevak Samaj that they did not have any accounts for these activities which could be produced before the Commission.



TABLE 50-A

H 1367

H 1367

(Referred to in para 50.7)

Statement showing the receipts and payments (other than Government grants-in-aid) of the Bharat Sena Samaj Central Office, and General Administration Section, New Delhi

RECEIPTS						PAYMENTS		
Year	Donations	Contributions from Pradesh Committees	Earmarked donations	Miscellaneous receipts	Contributions from other Sections	Management expenses not out of donations etc.	Contribution for expenses of Pradeshes and units	Expenditure on Social Welfare activities
1	2	3	4	5	6	7	8	9
1933-34	18,246.81	8,046.50	23,839.50	176.56	.. ..	32,683.99	.. ..	.. ..
1934-35	37,392.88	3,312.50	..	1,613.84	..	37,624.68	..	..
1935-36	1,15,454.81	3,418.06	..	6,214.25	..	48,802.67	12,823.11	..
1936-37	35,123.00	273.62	2,050.00	..	..	61,841.55	39,547.20	2,500.00
						5,125.00	2,790.27	..
1937-38	1,07,111.75	26.75	120.96	3,880.16	..	75,066.10	16,585.66	20,252.39 * 3,600.00
1938-39	2,377.30	5,000.00	1,051.50	856.44	52,323.15	47,660.76	..	..
1939-40	1,545.47	..	..	6,300.00	32,438.20	46,157.40	..	..
1940-41	Accounts not furnished by the Samaj							
1941-42	7,324.00	1,238.34	..	1,857.46	2,716.70	14,714.69	..	..
1942-43	886.47	13,400.00	..	176.62	..	14,529.84	..	..
1943-44	5,160.50	5,118.30	416.00	..	29,852.73	35,554.67	..	456.00
1944-45	..	..	11,404.00	..	21,492.93	22,077.87	..	518.76
1945-46	500.00	..	..	15,977.87	54,617.12	63,120.97	..	..
1946-47	24,597.00	..	..	19,465.17	69,723.96	85,554.30	22,000.00	2,297.77
	3,48,139.90	40,034.07	38,875.96	58,909.12	2,63,164.79	5,63,517.49	92,746.24	49,354.92

Grand Total Receipts . 7,49,123.93

Grand Total Payments . 7,16,648.65

32,475.28

* Includes Rs. 20,000 donations. The purpose and nature not shown.

TABLE II

(Referred to in para

Statement showing Central Organisational Expenses Claimed by the Bharat Sewak Samaj in Respect of

Name of the Scheme	1954-55		1955-56		1956-57	
	Expendi- ture claim- ed and as shown in the ac- counts	Expendi- ture as ad- mitted and paid by the Govern- ment	Expendi- ture claim- ed and as shown in the ac- counts	Expendi- ture as ad- mitted and paid by the Govern- ment	Expendi- ture claim- ed and as shown in the ac- counts	Expendi- ture as ad- mitted and paid by the Govern- ment
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Lok Karya Kshetra (Rural), .	..	..	..	..	..	..
Jan Jagran . . . . .	..	..	360.00	360.00	25,280.95	25,289.95
Labour and Social Service Camps.	5,636.22	813.50	94,556.46	67,018.25	1,00,584.03	87,551.62
Family Planning Orientation Training Camps	..	..	..	..	..	..
Tools and Equipment . . .	..	..	..	..	..	..
Lok Karya Kshetra (Urban)	..	..	..	..	..	..
	5,636.22	813.50	94,916.46	67,378.25	1,25,864.98	1,12,832.57
Name of the Scheme	1961-62		1962-63		1963-64	
	Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted and paid by the Govt.	Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted and paid by the Govt.	Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted and paid by the Govt.
(1)	(16)	(17)	(18)	(19)	(20)	(21)
Lok Karya Kshetra (Rural) .	35,357.39	31,849.38	66,571.13	66,571.13	88,644.24	88,644.24
Jan Jagran	38,892.48	38,088.50	25,022.39	25,022.29	37,696.72	37,696.72
Labour and Social Service Camps.	88,600.15	81,744.26	64,489.21	@	35,810.01	@
Family Planning Orientation Training Camps	..	..	10,010.00	10,010.00	27,830.00	37,830.00
Tools and Equipment . . .	..	..	..	..	..	..
Lok Karya Kshetra (Urban)	5,600.00	5,600.00	6,020.00	6,020.00	6,440.00	6,440.00
	1,69,450.02	1,57,282.14	1,72,112.73	1,07,623.52	1,96,420.97	1,60,610.96

50-B

50.7(27))

different Schemes in various years and as admitted and paid by the Government

1957-58		1958-59		1959-60		1960-61	
Expendi- ture claim- ed and as shown in the ac- counts	Expendi- ture as ad- mitted and paid by the Government	Expendi- ture claim- ed and as shown in the ac- counts	Expendi- ture as ad- mitted and paid by the Govt.	Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted and paid by the Govt.	Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted and paid by the Govt.
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
..	..	5,810.56	1,460.00	11,403.53	8,136.02	-32,021.16	32,273.00
42,769.41	42,769.41	49,513.26	49,513.26	30,807.50	25,416.18	28,746.82	23,715.43
1,06,409.75	1,06,409.75	1,22,140.30	1,22,140.30	1,18,015.20	1,18,015.20	1,20,266.27	1,20,266.27
..
..	..	10,393.41	..	6,675.37	5,000.00	..	..
..	..	..	..	..	..	3,640.00	3,640.00
1,49,179.16	1,49,179.16	1,87,857.53	1,73,113.56	1,65,201.60	1,56,567.46	1,84,674.85	1,79,995.34
1964-65		1965-66		1966-67		Remarks	
Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted and paid by the Govt.	Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted and paid by the Govt.	Expendi- ture claim- ed and as shown in the accounts	Expendi- ture as ad- mitted by the Govt.		
(22)	(23)	(24)	(25)	(26)	(27)	(28)	
57,758.77	57,758.77	1,17,790.43	73,431.31	4,16,357.21	3,60,233.91		
10,347.71	30,347.71	38,851.48	38,851.48	3,48,288.72	3,37,062.07		
19,000.00	@	..	..	8,75,508.20	7,03,959.75		Figures for 1961-62 are pro- visional. The claim for Central Organi- sational expenses for the years 1962-63 to 1964-65 has not yet been admitted by Government.
39,122.00	..	33,308.00	..	1,10,270.00	37,840.00		Accounts for 1964-65 and 1965-66 not settled. Expen- diture for 1962-63 and 1963-64 admitted by the Government.
..	..	..	..	17,068.72	5,000.00		
8,540.00	8,540.00	8,540.00	8,540.00	38,780.00	38,780.00		
1,54,763.84	95,646.48	1,98,489.91	1,20,822.79	18,06,272.91	14,82,865.73		



सत्यमेव जयते

Chapter 51

THE ACCOUNTS OF BSS

The State of Accounts of the Bharat Sevak Samaj

The third term of reference of this Commission reads :

"The statement of accounts of the Bharat Sevak Samaj in respect of the Central grants, loans and advances made to it the extent to which these have been or can be prepared and furnished and the measure in which they conform to the procedures prescribed for assistance to voluntary organisations".

This term may be divided into four parts :

- (i) the extent to which the statement of accounts of the Bharat Sevak Samaj in respect of Central grants, loans and advances made to it have been prepared and furnished;
- (ii) the extent to which the statement of accounts of the Bharat Sevak Samaj in respect of Central grants, loans and advances made to it can be prepared and furnished;
- (iii) the procedures prescribed for preparing and furnishing the statement of accounts of the Bharat Sevak Samaj in respect of Central grants, loans and advances made to it; and
- (iv) the measure in which the statement of accounts of the Bharat Sevak Samaj in respect of Central grants, loans and advances made to it conform to the procedures prescribed for assistance to voluntary organisation.

51.2 As a matter of convenience the Commission will deal with the third aspect first, i.e., the procedures prescribed for preparing and furnishing of statement of accounts. The Commission has dwelt at length on this matter in another chapter and has held that under Rule 149(3) of the General Financial Rules the audited statement of the accounts of the body have to be obtained by the grants

sanctioning authority and these accounts are the overall accounts of the body or the institution i.e. the consolidated accounts of the body or the institution as a whole. It will, therefore, not be enough to satisfy the requirements of this Rule to obtain merely the accounts of the grants, loans and advances, but they should be consolidated accounts of the activities of the body and not merely the accounts of the individual Central grants, loans and advances. This Commission would like to reiterate that the object of obtaining the overall accounts is to ensure that any previous grant was spent for the purpose for which it was intended and to ensure that the grant-in-aid was justified by the financial position of the recipient, which cannot be shown by partial accounts of the certain grants, it is only the overall financial accounts of the entire body that can present a true picture of its financial position. In other words the sectional accounts can never take the place of the overall accounts, i.e. consolidated accounts.

51.3 A few other considerations which necessitated submission of the overall financial accounts are :

- (i) The utilisation of the grant cannot be ascertained unless overall accounts are obtained and it is ensured that the grants or funds to cover the same expenses have not been received from other sources.
- (ii) To ensure that the purposes and methods of functioning of the organisation entitle it to such grants from the Government.
- (iii) For finding out the method of functioning of the organisation it is also essential to find out how the recipient has used grants given by other Ministries or Departments and this can be ascertained only by going through the audited statements of the accounts of

the body as a whole and more particularly by Auditor's report on those accounts.

- (iv) Further, the decision No. (iii) of the Government of India below General Financial Rule 148 requires that in cases where financial assistance was proposed to be granted to a society or an organisation likely to make profits, the feasibility of giving loans instead of grants-in-aid should be specifically considered by the sanctioning authority in consultation with the Ministry of Finance. For deciding this issue it was essential for the Government to obtain the consolidated accounts wherein the profits earned by the commercial activities of the Central and State Samaj units were clearly exhibited and only consolidated accounts can show these profits and not sectional accounts of the grants. In the case of the Samaj this was all the more essential because right from 1955 the Samaj entered into commercial activities like construction contracts, of brick making ostensibly with the idea of augmenting their resources for social welfare activities. It is irrelevant at this stage to say that it is very unusual for a charitable society to enter into commercial transactions.

- (v) The decision No. (4) below Rule 148 reads as follows :

"An important condition of assistance to non-official organisations is that these bodies are free from any corrupt practices. It should be ensured that no grants are sanctioned where there is a reasonable suspicion or suggestion of corrupt practices unless the bodies concerned are cleared of the allegations. This aspect should be considered by the sanctioning authority in each case and a certificate to the effect that there is no reason to believe that grantee institutions are involved in corrupt practice should be furnished in the grant-in-aid bill by the officer on whose signature or counter-signature the bill is drawn.

In case where bills for the drawal of grants-in-aid are not required to be countersigned by the sanctioning authority, the above certificate should be included in the letter or sanction itself."

51.4 The sanctioning authority cannot and in this case could not have ensured that no grants were sanctioned if there was a suspicion or suggestion of corrupt practices unless and until the audited accounts with the reports of the Auditors are or were before him. He might get information about corrupt practices from other sources but only the audited accounts with the Auditor's reports can and could give him a correct picture.

51.5 The next question that arises is what should be the form of accounts. Unfortunately the rules in the General Financial Rules and the decisions thereunder are not very clear as to what was the form of accounts which the recipient was required to submit.

51.6 Rule 149(3) of the General Financial Rules merely mentions audited statement of accounts of the body. It does not say whether the grantee should submit the balance sheet, the income and expenditure account and the receipt and payment account, i.e., whether one or more of these would suffice. Rule 150 of the General Financial Rules merely says that in cases in which conditions are attached to the utilisation of the grant then it is the primary responsibility of the sanctioning authority to satisfy the fulfilment of the conditions attached to the grants. Unfortunately in the sanctions for grants and loans in favour of the Bharat Sevak Samaj, the conditions did not in a majority of cases specify the form of the accounts. In some cases it was merely stated audited statements of accounts and in other cases it was sometimes mentioned audited receipt and payment accounts and in some cases it was merely accounts. The result is that the Commission finds that by and large for the grant the Samaj submitted a hybrid sort of accounts which sometimes were termed Receipt and Payment Accounts and sometimes Income and Expenditure Accounts. They did not reflect the true financial position of the recipient or the full utilisation of the grants. They only partially revealed the utilisation of the grants, e.g. even though the accounts were termed "Receipt and Payment Account", liabilities were also included and sometimes even the assets e.g. balances of advances made by the Samaj were also there.

51.7 The clue to the nature of accounts envisaged by the rules can be found from the

purposes for which these accounts are required namely,

(i) to ascertain the financial position of the recipient of the grant; and

(ii) the utilisation of previous grant for the purpose for which it was intended.

51.8 The financial position can be shown only by the balance sheet and not by a Receipt and Payment Accounts and the utilisation of the grant can be shown only by Receipt and Payment Account, as this will show what was received and what was disbursed. But the figures in the balance sheet cannot be verified unless and until Income and Expenditure account is also prepared; because this alone will show the total receipts and the total payments including the accrued income and accrued expenditure. Thus, to fulfil the objective of Rule 149(3) of the General Financial Rules it is essential to have all the three accounts namely (i) Receipt and Payment Account, (ii) Income and Expenditure Account, and (iii) the Balance Sheet at the end of the financial year whatever it is. It will be needless to emphasise that these accounts will be incomplete unless they are accompanied by the Auditor's Reports. The Commission would like the Government to specify the form of accounts to be submitted by grantees and also make the Financial Rules specific.

Attempts to get the Consolidated Accounts of the Bharat Sevak Samaj as a whole :

51.9 The Commission finds that in the earlier years even though grants and loans were given by a number of Departments of the Government of India for a number of schemes no condition was inserted requiring the Samaj to render the Consolidated Accounts of all its activities—whether aided by Government or otherwise. The necessity for obtaining the Consolidated Accounts of the entire organisation was brought to the notice of the Planning Commission by the Accountant General Central Revenues in his section report for the accounts of the Bharat Sevak Samaj for the year 1961-62 sent to the Planning Commission in June, 1963.

34th Report of the Third Parliament 1964-65 presented to Parliament

in April, 1965 the Public Accounts Committee made the following observations :—

"The Committee, therefore, recommended that the Planning Commission should, without any further delay, insist on the submission of consolidated and duly audited accounts of the Bharat Sevak Samaj showing the overall financial position of the organisation for every year since it started receiving grants from the Government. The Committee further recommended that no further grant should be made till the provisions of Rule 149 of G.F.R. are fully complied with. However, a time limit of six months may be allowed to the Bharat Sevak Samaj for the submission of the consolidated accounts in respect of the earlier years."

51.10 A similar recommendation was made by the Public Accounts Committee in respect of grants given to the Bharat Sevak Samaj by the other Ministries like the Information & Broadcasting, Education etc. In compliance with the above recommendation the Bharat Sevak Samaj was asked by the Government of India to render a complete and duly audited Consolidated Account for all its activities for all the previous years by 10th November, 1965. While sanctioning the first instalment of grants for the year 1965-66 in the months of July and August, 1965 the Ministries required the Bharat Sevak Samaj to render the Consolidated Accounts. The decision to release the first instalment without insisting on the submission of the Consolidated Accounts for the previous years was taken at a meeting in the Planning Commission held in July, 1965 by the Planning Secretary and amongst the others the Finance Secretary and the Accountant General Central Revenues were present. Evidently the latter too made no protest or gave no dissent. The latter evidently did not bring to the notice of his colleagues his own report on the point.

51.11 The Bharat Sevak Samaj furnished an audited Consolidated account of all its Central and State Units (other than the Construction Service) for the years 1962-63, 1963-64 and 1964-65 in the month of November, 1965. These accounts were examined at a meeting presided over by the Planning Secretary and attended by the Finance Secretary and the representatives of the

Accountant General Central Revenues. This meeting noticed certain defects in these accounts such as :

- (i) they were incomplete; and
- (ii) there were certain discrepancies.

51.12 It was decided that these defects should be got removed. The time limit for the submission of the accounts for all the previous years was also extended to May 31, 1966. A further grant was given to the Samaj representing approximately its requirements for three months so that the activities should not come to a complete halt. Subsequently in consultation with the Ministry of Finance a further instalment representing the requirements for two months was released in March 1966 making the total release during 1965-66 amounting to 10 months requirements. The time limit for the submission of the Consolidated Account was also revised as follows :—

- (i) Consolidated Accounts for 1962-63, 1963-64, 1964-65 to be submitted by May 31, 1966.
- (ii) Consolidated Accounts for the remaining years by September 30, 1966.

51.13 The Bharat Sevak Samaj furnished on May 24, 1966 the Consolidated Accounts duly audited by its Chartered Accountant for the years 1962-63, 1963-64 and 1964-65 in respect of their activities other than their construction and other commercial activities. It was certified by the Bharat Sevak Samaj that these accounts were complete to the best of its knowledge and belief with the exception of its construction and other commercial activities. In regard to these the Samaj stated that it was actively considering the question of registering its commercial service as a separate Company under Section 25 of the Indian Companies Act. The assets and liabilities of the Construction Service would then form a separate identity and in that sense it was felt that the accounts of the Construction Service of the Samaj could be kept outside the purview of the recommendations of the Public Accounts Committee in regard to Consolidated Accounts.

51.14 After the receipt of the Consolidated Accounts for the three years 1962-63, 1963-64 and 1964-65 for activities other than the commercial within the time stipulated by the Ministry of Finance, the Planning Commis-

sion in consultation with the Ministry of Finance, released the instalment of grant for the year 1966 taking into account the fact that the Ministry of Finance itself had given time upto September 30, 1966 for the submission of the remaining accounts.

51.15 The Public Accounts Committee again considered the matter in its 9th report of the Fourth Parliament wherein it expressed its regret and displeasure over the payment of the grant without the fulfilment of the condition and about giving time to the Bharat Sevak Samaj for submission of the accounts. It wanted Rule 149(3) to be observed the grants to be stopped and the Consolidated Accounts to be demanded from the Bharat Sevak Samaj.

51.16 The progress made by the Bharat Sevak Samaj in regard to the remaining accounts was reviewed in September and October, 1966 at four meetings of the Sub-Committee of the Coordination Committee of Public Cooperation. This Sub-Committee consisted of representatives of all the Ministries giving grants to the Bharat Sevak Samaj as well as the representatives of the Associate Finance Divisions of those Ministries.

51.17 In the first meeting of the sub-Committee held on September 14, 1966 the representatives of the Bharat Sevak Samaj explained their difficulties with regard to the compilation of the Consolidated Accounts for the period prior to 1962-63. They pointed out that they had 29 State Units and hundreds of branches at the District Block and village levels and in Mohallas of towns. Some of them had merged with other Units and some new ones had come into existence on account of the re-organisation of the States. The Chairmen of some Pradesh Branches had resigned, died or been replaced. In other cases the records were not available. It was also reported by the representatives of some Ministries that their old records had been weeded out rendering reconciliation of figures impossible. The major handicap which was experienced by the sub-Committee was the indifference on the part of the Bharat Sevak Samaj from on pare consolidated accounts from the records which would also include the "accounts incurred" on the construction works weeded taken by it. The Committee Consolidated

vant records were apparently not available with the Central Office of the Bharat Sevak Samaj. Even with regard to the audited accounts that were made available there was some discrepancy as to the reconciliation of the amount of grant as shown in the audited statement of accounts and the figures as shown in the records of the administrative Ministries concerned.

51.18 After considering these difficulties the Committee decided that the accounts should be obtained in two parts :

- (i) accounts of the activities aided by the Central Government grants, and
- (ii) other accounts.

51.19 During the course of discussion it was emphasised that every effort was to be made by the Bharat Sevak Samaj to reconcile the figures of grants as shown in the statement of accounts with the figures available with the Ministries or the Departments which had released the grants for those years.

51.20 The Sub-Committee met on September 30, 1966 and October 13, 1966 and these meetings were mainly devoted to narrow down the area of discrepancies in regard to the cases pending settlement of accounts.

51.21 The Samaj furnished the Audited Consolidated accounts of the Central Government aided activities for the years 1953-54 to 1961-62 on October 26, 1966. They were examined by the sub-Committee of the Coordination Committee of Public Cooperation in the Planning Commission on October 29, 1966 and they noted that the Consolidated Accounts had been prepared from copies of audited statements of accounts which had been submitted to Government individually for each scheme. The Committee noted that these accounts did not take into account the report of the auditors appointed for the individual schemes or the observations of the local audit parties. Furthermore the 34th Report of the Public Accounts Committee for 1964-65 had referred to some irregularities which the sub-committee noted had not been reflected in the accounts.

51.22 On May 30, 1968 the Samaj submitted the Consolidated Accounts of its Construction Service for the years 1964-65 and 1965-66 but later on on January 8, 1969

they sent their "Recast Accounts" of the Construction Service for the years 1964-65 and 1965-66. These accounts, according to the forwarding letter, were the consolidated accounts of 64 Pradesh and District Units and of the Central Construction Service. 16 Units according to them did not function, 6 ceased to function before 1964-65 and two had rendered accounts for the period ending after March 31, 1966. According to them the total number of approved Pradesh and District Units was 88.

The Consolidated Accounts submitted by the Bharat Sevak Samaj to the Government of India—Non-submission of Accounts for all the years.

51.23 The Bharat Sevak Samaj was set up on August 12, 1952 and was registered on December 17, 1952 under the Societies Registration Act of 1860. As has been mentioned earlier as a result of the criticism of the Public Accounts Committee the Government of India asked the Bharat Sevak Samaj to submit the Consolidated Accounts of the entire organisation to which the Bharat Sevak Samaj agreed, but the records of the Planning Commission produced before this Commission show that the only Consolidated Accounts were submitted by the Bharat Sevak Samaj were the following :—

Particulars	Date of submission
(i) Consolidated statements of accounts of Central and States units (excluding Construction Service) for the years 1962-63, 1963-64 and 1964-65.	24-5-1966
(ii) Consolidated statement of Receipts and Payments against Central Government Grants for the years 1953-45 to 1961-62.	26-10-1966
(iii) Consolidated statement of Receipts & Payments of Central and State units (excluding Construction activities) for the year 1965-66	31-5-1968
(iv) Recasted Consolidated Balance Sheets of Bharat Sevak Samaj Construction Service for the period ended 31-3-1965 and 31-3-1966. supported by Profit and Loss Accounts, Contract Accounts and Manufacturing and Trading Accounts of Brick Kilns, duly certified by a Chartered Accountant	8-1-1969.

51.24 This shows that the Bharat Sevak Samaj has not submitted the Consolidated Accounts of all the activities of the Central and State units (excluding Construction Service) for the years 1952-53 to 1961-62 and from 1966-67 onwards. For its Construction Service the Samaj has submitted the Consolidated Accounts only for 2 years, 1964-65 and 1965-66. No Consolidated Accounts have been submitted for the earlier years or for the later years.

51.25 As the Consolidated Accounts for the earlier years have not been produced it has not been possible to verify whether the assets and liabilities shown in the Balance Sheets for the years for which Consolidated Accounts have been produced have been correctly worked out or not. Without the opening balances for the different years from the very beginning no verification of the assets and liabilities is possible and without this information the financial position of the institution cannot be ascertained. Therefore, the Consolidated Accounts as submitted by the Bharat Sevak Samaj to the Central Government cannot serve the purpose of verifying the financial position of the Bharat Sevak Samaj. The Chartered Accountants who compiled these Consolidated Accounts had qualified them by remarking that they had prepared the accounts from the accounts for the different years produced before them and the list of accounts produced before them shows that the accounts for the earlier years were not produced before them. This is a serious lacuna in the Accounts as the Chartered Accountants who compiled the Consolidated Accounts have not satisfied themselves that the balances of the assets and liabilities had been properly carried over from the very beginning of the starting of the Accounts of the Bharat Sevak Samaj.

51.26 As a matter of fact there are various other defects in the Consolidated Accounts furnished to the Government of India by the Bharat Sevak Samaj. The more important of these defects will be discussed hereinafter. The Commission asked the Bharat Sevak Samaj to clarify these lacunae and their explanations can be summarised as follows :—

- (1) The Samaj has not submitted any Consolidated Account other than those for the years already mentioned.

- (2) The form of the Consolidated Accounts was prescribed by the Government of India and was in accordance with the instructions given to the committees appointed by the Planning Commission for the purpose. The Samaj discharged its obligation as best as was possible.
- (3) The Chartered Accountants who compiled the Consolidated Accounts were not acting as auditors of the accounts already audited by different previous auditors. They had only certified that the Consolidated Accounts had correctly incorporated the individual accounts without being concerned with the quality of the accounts relating to each scheme. Their observations were only statements of facts explaining the methods adopted by them in the consolidation.
- (4) The Commission issued a questionnaire to the Bharat Sevak Samaj about the various defects noticed by it and their reply was :—

“It is conceded that the consolidation is neither complete nor does it give the correct financial position. The line of defence of the Samaj is that the work of consolidation was done in the form prescribed by the Government and the extent required by the sub-committee of the coordination Committee set up for the purpose by the Planning Commission. The report of that Committee already filed with the Commission of Inquiry speaks for itself. In addition thereto it may be stated that the form prescribed did not provide for the requisite information. The accounts submitted by the Samaj were examined by the sub-committee in their various sittings and accepted as complete as far as possible at this belated stage. “Rule 149(3) of the G.F.R. opens with the phrase— “before grant is paid” which clearly and undisputedly means that the financial position, if necessary was required to be seen before, release of grant and not 18 years after even the utilisation thereof.

"It may also be pointed out that rule 149(3) of the G.F.R., if applicable is applicable to all voluntary institutions but to the best of our knowledge and belief this rule has not been enforced on any of the institutions even after the Public Accounts Committee Report."

51.27 The contention of the Samaj seems to be that they could not be asked to submit Consolidated Accounts after the release of the grants as the financial position of the grantee was required to be ascertained under Rule 149(3) of the G.F.R. only before the grant was paid. The Commission has dwelt at length on the interpretation of General Financial Rules 149(3) and at this stage would only like to say that it was not merely to find out the financial position of the recipient that the Consolidated Accounts were required to be obtained but also to find out the utilisation of the grants for the purposes for which the grants were given.

51.28 Unfortunately, the record is not very specific on the question of acceptance of the accounts by the Sub-Committee of the Coordination Committee. There is nothing to show that the Sub-Committee had accepted the accounts but there is no definite denial by any Government Department of definite statement of fact made by the Samaj. As it was discussed earlier, the Committee only said that the lacunae pointed out by the Public Accounts Committee had not been removed nor had the remarks of the auditors been taken into consideration. From a review of the grants and of the accounts submitted by the Samaj and the view taken by Ministries, it appears to the Commission that no one excepting the Public Accounts Committee was serious about consolidation of accounts or about their submission by the Samaj.

51.29 It appears to the Commission that the consolidation of accounts in spite of the proforma prescribed did not disclose a true picture of the state of accounts. According to the accounts requirements what should have been done is given in the following paragraphs.

Accounts of the District Units not included in the Consolidated Accounts :

51.30 Under the constitution of the Bharat Sevak Samaj there were Pradesh, district and branch units, besides the Central Office. The Chairman of the District Branches were appointed by the Chairman of the Pradesh Samaj who in turn was appointed by the Chairman of the Central Samaj. They were the executive heads of the organisation in the district and the Chairman of the Samaj and district branches were to be assisted by committees corresponding to the models of the committees at the Centre. The constitution also provided for units at the district level, at the village, panchayat and block levels.

51.31 The constitution of the Bharat Sevak Samaj further provided that the units at the state and lower levels could collect funds and had to remit a part of those funds to the Pradesh and to the Central Samaj and this sharing was to be done on the basis of rules made from time to time; but the Samaj has not produced these rules. The grants by the Government of India for the different schemes like the Lok Karya Kshetras, Jan Jagran, Labour & Social Service Camps, Local Development Works though received by the Central Bharat Sevak Samaj or the State Units were to be actually spent by the districts, really by the lower level units. The Samaj has not included these accounts in the Consolidated Accounts for the years 1962-63 to 1965-66. This is a lacuna as the number of units of the Samaj in the districts and lower levels runs into thousands. Therefore, the Consolidated Accounts prepared do not contain the accounts of a major part of the units of the Bharat Sevak Samaj and hence they cannot be said to be complete.

51.32 It is surprising that neither the state units of the Bharat Sevak Samaj nor the Central Bharat Sevak Samaj were able to produce the accounts of the district and lower level units before this Commission neither at Delhi nor when it visited the different states. There is no evidence to show that the requirements of the constitution of the Bharat Sevak Samaj that every unit of the Samaj should issue an audited statement of account and a consolidated report of its work at the end of each year were fulfilled.

In the records produced by the Bharat Sevak Samaj there is no precise information about the number of units in the districts and at lower levels, except in the Annual Report of

the Bharat Sevak Samaj for the year 1959 wherein the number of units are given as follows :—

Name of the State	Number of district units	Number of Tehsil Units	Number of village units
Andhra (Rayal Seema)	4	45	No information
Assam	20	No information	Do.
Bihar	18	450	4,500
Bombay	No information	No information	No information
Delhi	39	Do.	Do.
Gujarat	No information	Do.	127
Himachal Pradesh	Do.	Do.	No information
Jammu	Do.	Do.	Do.
Karnatak	Do.	Do.	Do.
Kerala	Do.	40	400
Madhya Pradesh	Do.	Do.	No information
Madras	Do.	Do.	Do.
Maharashtra	Do.	Do.	Do.
Manipur	5	Do.	Do.
Mysore	No information	Do.	Do.
Nagpur	4	17	35
Orissa	No information	No information	No information
Punjab	18	43	Do.
Rajas'han	No information	No information	Do.
Saurashtra	6	28	Do.
Tripura	No information	2	20
Uttar Pradesh	54	35	261
Vidharbha	No information	No information	140
West Bengal	Do.	Do.	No information

51.33 In the reports of the other years unfortunately no information is given as to the location and number of units functioning in different States nor has the Samaj produced the relevant data. But the Annual Report for the year 1961-62 shows that the Lok Karya Kshetras had established during 1961, 1182 village units of the Bharat Sevak Samaj in different States.

51.34 Thus, it appears that the number of units at different levels was in thousands. Unfortunately no precise information is available of their exact number, i.e. of units functioning from time to time. The accounts or books of accounts of these units have not been produced before this Commission.

51.35 The Commission finds that in respect of the Labour and Social Service Camps, the Central Bharat Sevak Samaj received

grants for holding these camps from the Ministry of Education and distributed the grants to the Local Camp Committees which were actually in charge of the camps either directly or through the Regional Camp Committees. The books of accounts maintained by the Local Camp Committees and the connected records pertaining to the holding of the camps have not been produced even for a single camp. The auditors of the camp accounts rendered by these committees have not certified that they have verified the accounts from any books or vouchers. In the absence of proper accounts from these committees, the accounts consolidated by the Central Bharat Sevak Samaj cannot be said to reflect the true state of affairs. The accounts rendered do not show the receipts by the camps and in many cases there is no indication as to how the deficits in the camps were met nor whether the liabilities were actually cleared.

51.36 In the Jag Jagran and Lok Karya schemes also the actual execution of the scheme was left to the local committees whose accounts are not before the Commission. No books of accounts of any of these committees have been produced before this Commission nor any records.

51.37 In the case of the Local Development Works for which the grants given in the State of Gujarat alone was Rs. 53,14,025/- and in the other states also the figures ran into lakhs the Samaj has not produced any of the accounts maintained by the Local committees. Even the Government got only a measurement of the work done and in all these cases 50% of the approved cost alone was met by the Government and the remaining had to be raised by local contributions. There are no accounts of the receipts and the expenditure out of these grants running into about a couple of crores. The main vice consists in the fact that there is nothing to show whether amounts raised in the locality were more or less than the $\frac{1}{2}$ share and if they were more what happened to the excess and if they were less how the deficit was met. And also whether there were any accounts at all of the money received and expended.

51.38 In the case of all the Central grants which were received by the Central Bharat Sevak Samaj and distributed to the actual spenders through the Regional or State units the accounts rendered to the respective Ministries only showed the amounts received by the Central Bharat Sevak Samaj and the expenditure for which grants were claimed. These accounts do not show what was actually remitted to the different state or regional units, what was received and acknowledged by the State or the regional units, what was spent by the state or regional units to the local units and what was actually acknowledged and accounted for by the local units who actually spent the money. A scrutiny of the Accounts of the different schemes show that there was a difference between the grants received by the Central Bharat Sevak Samaj on account of the different schemes and what was actually remitted by them to the different units. Only a Consolidated Account could have shown the real picture and the Consolidated Accounts as prepared by the Bharat Sevak Samaj and submitted to the Ministries does not give this

essential information. Therefore, the Consolidated Accounts do not serve the purpose for which they are intended, namely to show whether the grants were actually utilised for the purposes intended.

Accounts of lands and buildings in the possession of the Bharat Sevak Samaj :

51.39 According to the constitution of the Bharat Sevak Samaj all immovable properties of the Bharat Sevak Samaj vested in the Bharat Sevak Samaj Trust. The Bharat Sevak Samaj has not produced the records of the Trust before this Commission. Therefore, it cannot be verified whether according to the records all the lands and buildings belonging to the Bharat Sevak Samaj have actually vested in the Trust, and are in its possession.

51.40 As already mentioned earlier the Bharat Sevak Samaj has produced their Consolidated Accounts for only three years and not for the whole period of the working of the Bharat Sevak Samaj. The Consolidated Accounts—really the Consolidated Balance Sheets—produced are incomplete in many respects. There is no entry in the Balance Sheets showing the lands and buildings in the possession of the Bharat Sevak Samaj. Further in the Consolidated Balance Sheets of the Construction Service as on March 31, 1966, the value of the “fixed assets” is shown as Rs. 13,30,935.17 and in the Consolidated Balance Sheet of the General Section no fixed assets or lands and buildings are shown. The Balance Sheets of the Construction Service do not give any details of the fixed assets nor has the Samaj produced any records showing such details. If they maintained any such records, they have not produced them before this Commission.

51.41 The Commission, however, finds from a perusal of the records relating to other schemes of the Bharat Sevak Samaj produced before it that the Samaj had in its possession various pieces of lands and buildings in different parts of the country. The details about these immovable properties as ascertained from the records are given in Table 51-A annexed hereto. As all the records of the Bharat Sevak Samaj have not been produced this cannot be said to be an exhaustive list and as will be apparent from the Table 51-A the details are not available even about the

price, source and area of the land in many cases. There is also no indication that the title deeds of all these lands and buildings were with the Central Bharat Sevak Samaj Trust as required under the constitution of the Bharat Sevak Samaj. A perusal of the list will show—

- (i) In many cases the immovable properties were gifted away by the local Bharat Sevak Samaj leaders or allowed to be taken possession of by persons other than the authorised nominees of the Trust.
- (ii) In many cases there is no information as to the persons in whose actual possession the immovable property was and how the immovable property was being used.
- (iii) The income shown by the Bharat Sevak Samaj from these lands is only in respect of one piece of land in village Bal Chapper in Jagadhari Tehsil donated by Mr. J. N. Sahni and even there the income is small in comparison with the area of the land. No expenditure is shown on account of the management of land, which suggests that the land was and is not being actually managed by the Samaj itself, but someone else was being allowed to manage it, but no details are available.
- (iv) The immovable properties are not shown in the Balance Sheets of the different schemes. Many of the parcels of land were gifted to the Bharat Sevak Samaj but they are not shown in the assets side.

The Commission thus finds that all the immovable properties of the Bharat Sevak Samaj are not shown in the Consolidated Balance Sheets prepared by the Bharat Sevak Samaj and the Consolidated Accounts would not reflect the true financial position of the body without these immovable assets being shown.

Different periods of Accounts adopted for various activities and consequent difficulties in the consolidation of accounts:

51.42 One of the difficulties in consolidating the accounts of the various Units and activities of the Bharat Sevak Samaj is the lack of uniformity in the period of accounts

adopted by the Central Bharat Sevak Samaj for its various activities. The information available shows that the various construction units were having different periods of accounts and for the general activities of the Samaj an entirely different periods was adopted for a major part. Thus the construction units had their financial year ending on 31st July every year even though some units like the Bidar Unit had period ending 31st August, 1963. This period of accounts continued up to the year 1964 and from the year 1965 the period of accounts adopted was the ordinary financial year ending 31st March. For the general activities like the Jan Jagaran, the Labour & Social Service Camps, the Lok Karya Kshetras etc. the period of accounts generally adopted was the period ending 31st March every year. But there were some exceptions like the Night Shelters and the Welfare Extension Projects. The actual period of accounts for the Night Shelters was 2 years beginning with the date of opening of the Night Shelter and for the Welfare Extension Project 3 years beginning with the opening of the Welfare Extension Project. Even for all the Night Shelters and for the Welfare Extension Projects the same period of account was not adopted. The result is that proper consolidated accounts showing the overall financial position of any particular date cannot be prepared from the present set of accounts of the Bharat Sevak Samaj. The accounts will have to be recompiled bringing in uniformity of periods of accounts for all the activities of the Bharat Sevak Samaj. This will be a stupendous task, almost impossible, because of the grants-in-aid activities the Central Bharat Sevak Samaj prepared only Receipt & Payment accounts showing the actual cash receipts and the payments. No Income & Expenditure accounts or Balance Sheets were prepared for many of the grants-in-aid activities with the result that the balances for the various years are not correctly depicted in any set of accounts. The Samaj did not even adopt a uniform procedure in the Receipt & Payment accounts as in many cases those accounts were prepared partly on accrual basis and some of the liabilities were shown in the Receipt & Payment accounts themselves. The result is that there was no uniformity in the accounts maintained for the various activities. For the construction activity and brick kilns even though some Balance Sheets and Profit & Loss accounts were

prepared, contract accounts for construction works and manufacturing accounts for brick kilns were not prepared in all cases. Under these circumstances no consolidated account showing the overall financial position can be prepared for the body as a whole.

Incomplete consolidation of the accounts at various levels of the grants given for labour & Social Service Camps :

51.43 The grants for the Labour & Social Service Camps were given to the Central Bharat Sevak Samaj and it distributed the moneys to the various Regional Camp Committees and the Regional Camp Committees in turn remitted the money to the Local Camp Committees who actually held the Camps.

51.44 In respect of the grants given for the Camps the Samaj sent the following three sets of accounts to the Ministry of Education :—

- (i) The accounts of the Central Organisational expenses showing the grants received by the Central Bharat Sevak Samaj, the amounts remitted to the Regional Camp Committees, and the expenditure on the Central Organisation at Delhi by the Central Bharat Sevak Samaj.
- (ii) The Accounts of the Regional Camp Committee expenses showing the expenditure incurred by the Regional Camp Committees on their organisation, the number of camper days relating to the Camps held in each Regional Camp Committee, and the amount of grant admissible for the Camps held on account of Regional Camp Committees expenses @ 12 paise per camper day and
- (iii) the accounts of the individual camps which showed the expenditure on the individual Camps i.e. the expenditure on food, travelling allowance, incidental expenses etc. and the number of campers and the number of days for which the individual camp was held.

51.45 From the above it will be seen that the accounts of the Regional Camp Committees sent to the Ministry of Education did not show the amounts received by the Regional Camp Committees and the amounts remitted by the Regional Camp Committees to the Local Committees which actually held

the Camps. Similarly, the accounts of the individual Camps do not show the amounts received by the Local Camp Committees and if there were deficits how the deficits were met or if there were liabilities what were the liabilities. In the absence of these details the accounts rendered for the Camps are not complete and there is no means of verifying whether all the receipts were duly accounted for at the various levels, whether the receipts were adequate to meet the expenditure shown in the accounts and if they were not so how the expenses were met.

51.46 As the Consolidated Accounts have been prepared on the basis of these incomplete accounts they cannot be said to be completed nor do they give a correct picture of what was received and expended.

Grants received shown as utilised by the Auditor without the accounts of the individual schemes being examined by him.

51.47 Table 51-B attached hereto gives a list of the schemes the audited statements of accounts of which were not before the Auditor and he treated the entire grant as having been spent and has so taken it for the purposes of consolidation of accounts. The reason given for treating the whole of the grant as having been spent and showing it as such in the consolidated accounts was that the grants-in-aid for activities shown in the Table 51-B were paid by the Planning Commission, Central Social Welfare Board and the Ministry of Health and Family Planning direct to the Pradesh Units and there was no statement of account incorporating the disbursement thereof and none were shown to the Auditor. In the absence of this information he treated the entire grant as having been spent. This shows therefore that the Auditor took the entire grants paid for these various activities and schemes and included them on the Receipt side of the accounts and then treated the entire grant as expenditure on the Payment side. Thus, the consolidated accounts were not prepared after a perusal and inspection of the audited accounts of the individual schemes and accounts thus prepared cannot give a true picture of the accounts.

Non-exhibition of fixed and movable assets acquired out of the Central Government grants and the Consolidated Accounts :

51.48 For the years 1953-54 to 1961-62 the Bharat Sevak Samaj rendered only the consolidated statement of receipts & payments in respect of the Central Government grants and along with these were attached a statement of assets and liabilities. But these statements of assets and liabilities included only the advances made to their workers and others and the cash balances of the schemes. The other assets whether of movable or immovable nature were not shown in these statements of assets and liabilities. From the year 1962-63 to 1965-66 the Bharat Sevak Samaj has prepared the Consolidated Accounts of the State and Central Units excluding the construction service and to this Consolidated Account are attached the statement of assets and liabilities. In these statement of assets and liabilities also the movable or immovable assets of the Central and State Units have not been shown.

51.49 The Commission finds that in respect of the Central Government schemes alone the expenditure on movable assets like furniture, equipments etc. amounted to Rs. 16,38,436.89 up to 1966-67 as per Table 51-C attached. Needless to say that the Consolidated Accounts which do not show all these assets do not exhibit the true state of the financial position of the Bharat Sevak Samaj. The Consolidated Account therefore, is incomplete to that extent in that it does not show all the assets in the Balance-Sheet.

Accounts of Local Development Works not included in the Consolidated Accounts for all the years :

51.50 From the year 1953-54 the Planning Commission sanctioned grants for Local Development Works to the Bharat Sevak Samaj. Under this scheme only 50% of the cost of the Local Development Works was to be paid to the Bharat Sevak Samaj as grant and the remaining 50% was to be raised by the Samaj from the local people. Grants were subject to a limit of Rs. 10,000 and were to be distributed through the State Governments who were to nominate the Liaison Officer in the district who was to certify the completion of the work and distribute the grants. The sanctions were issued by the

Planning Commission and the name of the unit to which grants were to be given and the details of the scheme were endorsed to the State Government for nominating the Liaison Officer.

51.51 In the later years i.e. from 1960 or so the scheme was slightly modified and lump-sums were placed at the disposal of the State Governments who were to distribute the grants for the different schemes. The State Governments generally nominated Collectors as the Liaison Officers.

51.52 The Department of Community Development which has been nominated as the successor Ministry for the purpose of control of this scheme was asked by this Commission to give a complete list of the grants for the Local Development Works sanctioned to the Bharat Sevak Samaj but they have replied that most of the records connected with this scheme have been destroyed and only the records pertaining to grants totalling Rs. 5,01,915 have been traced. These sanctions relate to the period from 1953 to 1959.

51.53 The Annual Reports of the Bharat Sevak Samaj, however, contain information in respect of grants paid to the units of the Bharat Sevak Samaj in 17 States from 1953-54 to 1959. The information as given in the Annual Reports of the Bharat Sevak Samaj is contained in Table 51-D. The total number of Local Development Works and their cost can be summarised as follows :—

Year	Number of schemes sanctioned.	Total cost in Rs.	Grants sanctioned by the Planning Commission in Rs.
1953-54	38	5,18,831	2,16,740
1955	80	10,63,570	4,63,220
1956	147	19,60,617	8,55,980
1957	102	9,77,162	4,48,470
1958	No information is available.		
1959	134	12,38,000	4,94,400

51.54 For the remaining years no information is available in the Annual Reports, but the Commission finds that in the State of Gujarat alone from the year 1954-55 to 1964-65 as many as 1972 Local Development Works

were entrusted to the Bharat Sevak Samaj, the total cost of the works being Rs. 1,22,68,407 and the grants paid amounted to Rs. 53,14,025. After 1964-65 no information is available but the scheme appears to have been continued upto 1967-68 as is evident from the evidence of the Gujarat Government officers who appeared before the Commission at Ahmedabad.

51.55 There is also information available in respect of the State of Rajasthan, where in the Accounts, grants have been shown from the Planning Commission totalling Rs. 6,99,296 from the years 1955-56 to 1958-59.

51.56 The Planning Commission also sanctioned grants for the Local Developments Works in the Kosi Area numbering 117, the grants paid being Rs. 2,58,850 for works costing Rs. 3,50,003 in the year 1962.

51.57 The Commission has not been able to get the information in respect of the other States for all the years as the State Governments have not been able to supply this information nor does the Planning Commission have the records relating to this matter.

51.58 The Commission had asked the Bharat Sevak Samaj to produce the records relating to these Local Development Works, but these records have not been produced nor have any Accounts been produced showing the receipt of the grants and the local contributions and the expenditure on the Local Development Works. In fact the Central Bharat Sevak Samaj appear to have had no control over these grants even though they recommended the grants during the earlier years and the sanctions for the grants were endorsed to them. Thus the position is that grants running to about a crore of rupees were sanctioned for the Local Development Works to the Bharat Sevak Samaj, the total cost of the scheme being more than rupees two crores and there are no Accounts for these either at the Pradesh level or at the lower levels, at least no Accounts have been produced nor do they seem to have been obtained by the Central Samaj or the Planning Commission. There is no evidence of any Accounts of this having been rendered to anybody and what the Samaj has done with the money i.e. whether they have utilised the same for the purposes intended and whether they have kept proper accounts of the local contributions,

which would also run into more than a crore of rupees is also not known.

51.59 What is more surprising is that when the Samaj consolidated their Accounts for the period from 1953-54 to 1965-66 they showed the following grants for Local Development Works as received and disbursed in the consolidated statement of Receipt & Payments of the Central Government grants only, for the following two years :—

Year	Receipts Rs.	Payments Rs.
1953-54	2,67,000	2,67,000
1954-55	2,96,000	2,96,000

51.60 There are no details given here and the auditing Chartered Accountant who consolidated the Accounts for these two years gave the following comments :—

"The grant-in-aid for Local Works Programme were sent by the Planning Commission direct to the Pradesh Units. No statement of accounts incorporating the disbursements thereof was available and none was shown to us. In the absence of any information, the entire grants has been treated as spent."

51.61 The Samaj has not included the receipts and payments for the remaining years and as already stated there are no accounts with the Pradesh Units or with the local units showing the receipt and expenditure of these amounts as well as of the contributions raised from the local people. Thus the consolidated accounts of the Bharat Sevak Samaj are incomplete as there are no accounts of the Local Development Works running to a couple of crores in any of the accounts prepared by them and as the local units and Pradesh Units do not have any accounts of these works, any proper consolidation of accounts is not possible.

Observations of the Auditor on the Consolidated Accounts about the grants made by the Information and Broadcasting Ministry.

1955-56 :

51.62 The Auditor has remarked follows :—

"From a verification of the audited statement of account of the Section, it could

not be ascertained whether expenses incurred under the head "Mass Contact" against grant-in-aid received from Information and Broadcasting Ministry were spent at Head Quarters or at site".

1956-57 :

- (a) *Bulletins* : During the year under Report Rs. 7,555 were advanced to sundry units. As per information available from the audited statement of account for the year 1957-58, Rs. 1,156-1-6 were balances in hand as on 31st March, 1957 out of the above stated advances. In the absence of specific information, Rs. 6,398-14-6 being balance of the advances and the balances in hand, has been treated as expenses incurred in the field".
- (b) *Mass Contact* : From a verification of the audited statements of account, it could not be ascertained whether the expenses totalling Rs. 1,33,992-4-6 incurred under the head were spent in the Field or at Head Quarters."
- (c) *Jan Sahyog Kendras*.—"As per the previous year's audited statement of account Rs. 15,280 were advanced subject to adjustment. In the audited statement of account for the year under Report, opening balances in hand totalling Rs. 3,749-9-9 only have been shown. In the absence of specific information the balance of Rs. 11,530-6-3 (Rs. 15,280 (—) 3,749-9-9) has been treated as amount spent during the year and is included in the figure of Rs. 44,862-6-9 spent in Field".

1957-58 :

According to the audited statement of account, following accounts were outstanding and accounts of expenses pertaining thereto were awaited :—

Particulars	Amounts outstanding Rs.
Jan Sahayog Kendras	35,363.49
Cultural Activities	11,277.82
Bulletins	7,000.06

"From a verification of the statements of account pertaining to the subsequent year

it was noticed that these balances were not carried forward. In the absence of specific information the outstandings have been treated as spent and are included in the total expenditure under the head Rs. 4,24,297.56".

Grants given for the Kosi Project and Training Centres by the Irrigation & Power Ministry :

51.63 The auditor in his Report on the accounts for the year 1957-58 had remarked as follows :—

- (a) "No audited statement of account pertaining to grant-in-aid received from the Ministry for Kosi Project and Training Centre and expenses incurred thereof was shown to us. The statement of receipts and payments shown to us was not signed by anybody. The said statement was prepared for the period from October, 1956 to 31st March, 1958. In the annexed Consolidated Statement figures for one year only ended on 31st March, 1958 have been incorporated after adjusting figures available as per previous year's receipts and payments account."
- (b) "The payments made for the period under Report at Field as per the above stated statement work out to Rs. 1,17,071.96 and not Rs. 1,17,486.77 as shown in the annexed Consolidated Statement."

51.64 The auditor had the following remarks to offer :—

"No statement of account pertaining to grant-in-aid received from the Ministry for Kosi Project and Training Centres and expenditure incurred thereof was prepared and none was shown to us. As per a letter received from the Ministry the total expenditure against this grant amounted to Rs. 2,64,802.23. Out of the above total expenditure Rs. 93,212.12 and Rs. 1,31,065.83 were shown as spent during the accounting year 1956-57 and 1957-58 respectively. The balance of expenditure i.e. Rs. 40,524.28 has been treated as spent during the year under Report. The excess of total expenditure over grant-in-aid received has been treated as OTHER RECEIPT".

Grants given for the Kosi Project and Training Centres by the Irrigation and Power Ministry :

51.65 The Government of India sanctioned the following grants to the Bharat Sevak Samaj for the opening of Training Centres at the Kosi Project, Kotah, Nagarjunasagar and Delhi and for employing mobilisation, Training and Construction Central staff :

	Rs.
1956-57	1,95,400
1957-58	1,41,680
	<hr/> 3,37,080

51.66 The statements of Receipts and Payments for these Training Centres and for employing mobilisation Training and Construction Central Staff were not prepared for the different accounting years, but for the entire period of operation of the schemes and the accounts for these schemes show the following position about the expenditure incurred :—

	Total Expenditure	Government Share
	Rs.	Rs.
Kosi	1,03,940.81	83,152.65
Delhi	38,733.62	30,986.90
Kotah	78,917.58	63,134.07
Nagarjunasagar	27,624.28	22,099.42
Training, Mobilisation, Construction and Central staff	16,500.00	13,200.00
	<hr/> 2,65,716.29	<hr/> 2,12,573.04

51.67 The unspent balances refunded during the following years :—

	Rs.
1958-59	1,10,713.10
1959-60	7,759.40
1960-61	9,758.49
1962-63	900.00
	<hr/> 1,29,130.99

51.68 But in the Consolidated accounts of Receipts for and Payments against Central Grants for the various years show the following Receipts and Payments against the said grant :—

Receipts	Payments
Rs.	Rs.
1956-57 . 1,95,400.00	1956-57 . 93,212.20
1957-58 . 1,41,680.00	1957-58 . 1,31,065.83
	1960-61 . 40,524.28
	<hr/> 2,64,802.23

51.69 The refunds shown in the consolidated accounts were as follows :

	Rs.
1958-59	1,10,713.10
1959-60	7,759.40
1960-61	9,758.49

51.70 The expenses and refunds shown in the Consolidated accounts and in the individual accounts do not tally. Further as the individual accounts for the centres were not prepared year-wise, the consolidated accounts have been prepared on the basis of allocations done by the Auditors. This is borne out by the following remarks of the auditor's on this grant.

1957-58 :

(a) "No audited statement of account pertaining to grant-in-aid received from the Ministry for Kosi Project and Training Centre and expenses incurred thereof was shown to us. The statement of receipts and payments shown to us was not signed by anybody. The said statement was prepared for the period from October, 1956 to 31st March, 1958. In the annexed Consolidated Statement figures for one year only ended on 31st March, 1958 have been incorporated after adjusting figures available as per previous year's receipts and payments account."

(b) "The payments made for the period under Report at Field as per the above stated statement work out to Rs. 1,17,071.96 and not Rs. 1,17,486.77 as shown in the annexed Consolidated Statement."

1960-61 :

"No statement of account pertaining to grant-in-aid received from the Ministry for Kosi Project and Training Centres and expenditure incurred thereof was prepared and none was shown to us. As per a letter received from the Ministry the total expenditure against this grant amounted to Rs. 2,64,802.23. Out of the above total expenditure, Rs. 93,212.12 and Rs. 1,31,065.83 were shown as spent during the accounting years 1956-57 and 1957-58 respectively. The balance of expenditure i.e. Rs. 40,524.28 has been treated as spent during the year under Report. The excess of total expenditure over grant-in-aid received has been treated as a OTHER RECEIPT."

51.71 Another important point in respect of these accounts brought out by the Auditor is that the accounts of the Centres were not audited by Chartered Accountants.

Delhi Training Centre :

51.72 As seen from the foregoing, in the grant of Rs. 3,37,080 the grants for the Delhi Centre was also included and the total expenses of the Delhi Centre were Rs. 38,733.62, out of which the Government's share was Rs. 30,986.90. Even though the Government grant for the Delhi Training Centre and the expenditure thereon were already included, the Consolidated accounts show the following further entries about the Delhi Training Centre in the accounts for 1958-59.

Receipts :

Central Water and Power Commission (Delhi Pradesh) . Rs. 30,986.91

Payments :

Central Water and Power Commission, (Delhi Pradesh) . Rs. 38,750.43

The Bharat Sevak Samaj were asked to furnish the details of the grants included in the accounts like sanction number and date etc. but have not furnished the same, and the Ministry of Irrigation & Power have intimated that the Central Water and Power Commission have not sanctioned any such grants. The Cash Book and other records of the expenditure produced before the Commission shows that the expenditure was on the Training Centre.

51.73 Thus it would appear that the Grants for and the expenditure on the Delhi Training Centres have been included twice in the Consolidated accounts.

Grants given by the Planning Commission during 1958-59 :

51.74 The auditor had the following observations to make about the Accounts of the schemes for which grants were given by the Planning Commission during 1958-59 :—

(a) "*Lok Karya Kshetra (Rural)*.—According to the audited statement of account Rs. 1,041.79 were outstanding for certain liabilities incurred. From a verification of the statement pertaining to the subsequent year, it was found that the liability was not carried forward. In the absence of specific information, the amount has been treated as OTHER RECEIPT."

(b) "*Lok Karya Kshetras (Urban)*.—According to the audited statement of account of the unit there was a deficit of Rs. 843.38. From a verification of the statement of account pertaining to the subsequent year we have noticed that the deficit was not carried forward. In the absence of specific information the amount has been treated as OTHER RECEIPT."

Grants given by the Planning Commission for Lok Karya Kshetras (Rural) during 1961-62 :

51.75 The Auditor had the following remarks to offer :—

(a) "*Lok Karya Kshetras (Rural)*.—The grant-in-aid of Rs. 6,72,700 include Rs. 2,500 remitted by the Planning Commission direct to Sangareddy Centre. No statement of account, if any, received from the Centre was shown to us. As per earlier year's statement of account pertaining to the Centre, there were outstanding liabilities totalling Rs. 17,098.95. In the absence of any record, the excess of liabilities over grants-in-aid sent to the Centre (Rs. 17,095.95—Rs. 2,500.00 i.e. Rs. 14,596) has been treated as OTHER RECEIPT in the annexed Consolidated Statement."

Other receipts during 1960-61 :

51.76 The auditor has the following remarks to offer about the Other Receipts shown in the accounts of 1960-61 :—

“Other Receipts totalling Rs. 1,99,206.25 include Rs. 29,814.31 pertaining to the grant-in-aid from the Planning Commission for purchase of Tools and Equipment. Out of the above Rs. 21,659.29 represent interest earned on deposits made out of balance of grant-in-aid from year to year and the balance of Rs. 8,155.02 is excess of expenditure over grant-in-aid which, in the absence of any specific material available, has been treated as local collection.”

The Consolidated Accounts (excluding Construction Service) of Bharat Sevak Samaj for the years 1962-63 to 1965-66 :

51.77 The Consolidated Accounts of the Bharat Sevak Samaj excluding the Construction Service but including the accounts of the Pradesh Units for the years 1962-63 to 1965-66 were submitted to the Planning Commission by the Bharat Sevak Samaj on May 24, 1966. The accounts included in the Consolidated accounts were set out by the auditors in Annexure to the accounts of the respective years.

51.78 A list of various Pradesh Units functioning from time to time and the availability of the accounts of those units were indicated in a letter written by the Bharat Sevak Samaj to the Planning Commission on November 25, 1966. This list is shown in the Table 51-E. From this list it would appear that the Bharat Sevak Samaj had 27 Pradesh units. A scrutiny of the list of Pradesh Units whose accounts have been included in the Consolidated Accounts for the years 1962-63 to 1965-66 shows that the accounts of all the Pradesh Units mentioned in the Annexures have not been included in the Consolidated Accounts.

Non-inclusion of the Accounts of the Central Office, of the Central Development Fund and of the Chairman's Account in the Consolidated Accounts :

51.79 The Bharat Sevak Samaj, it appears, was maintaining accounts for its different Sections representing various activities and also a Central Office account in which all

grants received were in the first instance credited and then paid over to the different sections as and when required by them. The Central Office account was in the beginning known as National Headquarter Account and from the year 1956-57 its name was changed to that of Central Office Account.

51.80 Consolidated Accounts of the General Section, excluding the Construction Service, have been produced for the years 1962-63 to 1965-66 but an examination of those accounts shows that accounts of the Central Office have not been included therein for the years 1962-63 to 1964-65 but have been included for the year 1965-66.

51.81 The Central Bharat Sevak Samaj has produced accounts of the Central Office for the years 1963-64 to 1965-66 but not for the year 1962-63.

51.82 The accounts of the Central Office produced show that on March 31, 1965 the closing balance was Rs. 1,38,257.18 the amounts received and the amounts paid during the years 1962-63 to 1964-65 were quite considerable. A review of all these accounts shows therefore that in the absence of the accounts of the Central Office the consolidated accounts of the Bharat Sevak Samaj are not complete.

Central Development Fund :

51.83 Apart from the Central Office account the Bharat Sevak Samaj was also maintaining a Central Development Fund and the Samaj has produced the Receipts and Payment Account of the Central Development Fund from September 1, 1958 to March 31, 1964. The total receipts during this period amounted to Rs. 5,16,688.85. Out of these receipts a sum of Rs. 2,96,544.51 was paid to the Central Office and the Central Construction Service etc. during different years as contributions. Loans and advances were also made to different units of the Bharat Sevak Samaj and to Bharat Sevak Samaj officials which made a total of Rs. 92,393.15. The Bank balance thus left was Rs. 1,27,751.19. The Consolidated accounts from 1962-63 to 1965-66 of the Bharat Sevak Samaj (other than construction service) and of the Construction Service for 1964-65 and 1965-66 produced before this Commission show that these transactions of the Central Development Fund have not been included in the consolidated accounts produced. But without the Central Development

Fund the Consolidated accounts cannot be said to be complete.

51.84 Another noticeable feature is that the receipts shown in the Central Development Fund from the various States totalling Rs. 2,62,971.00 have again been shown in the accounts of the Central Construction Service for the year ending July 31, 1963. Further, some receipts shown in the Construction Service have also been shown as receipts of the Central Section of the Bharat Sevak Samaj. All this shows a confused state of accounts which could have been clarified only by a properly drawn up consolidated accounts. No true picture can be drawn of the accounts as they stand or have been produced.

51.85 The Bombay Construction Service out of its funds had contributed Rs. 1 lakh to the Central Bharat Sevak Samaj which was shown in the accounts of Central Development Fund. It appears that a cheque for this amount was given by the Bombay Construction Service to Mr. Gulzari Lal Nanda who deposited it in the Needs of Life Bank Bombay. This amount has been shown both in the Central Development Fund and in the Balance Sheet of the Central Construction Service which only shows that the accounts were not properly tallied with the consequence that consolidated accounts prepared on the basis of such accounts would not represent a correct state of affairs.

51.86 In his statement before this Commission Mr. Gulzari Lal Nanda, who was the Planning Minister and also Chairman of the Bharat Sevak Samaj, stated that he as Chairman of the Bharat Sevak Samaj had under him a special account upon which he operated. This was for assisting special activities of kindred nature e.g. Samyukta Sadachar Samiti, the Bharat Sadhu Samaj and the Institute of Psychic and Spiritual Research. No account of this special fund has been produced. There is no information given to the Commission as to how much money there was in this special fund, where it had come from, how it was spent and where the balance, if any, was kept. As already stated, the accounts of this fund have neither been produced before this Commission nor included in the consolidated accounts for the different years. For this reason also the consolidated accounts produced by the Samaj cannot be said to be complete.

51.87 The Central Bharat Sevak Samaj has submitted to the Government a consolidated account showing the receipts and payments relating to the Central grants for the years 1953-54 to 1961-62. As has already been stated, the grants when received from Government were initially credited by the Bharat Sevak Samaj in their Central Office accounts and monies were withdrawn and paid over as and when the need arose to the different sections dealing with the activities like the Jan Jagaran, Lok Karya Kshetra, Labour and Social Service Camps etc. But there is no account of the Central office given in the consolidated accounts and therefore it cannot be said that the accounts are complete even of the Central grants in the absence of the accounts of the Central office in which account the grants were first credited and then withdrawn and paid over for the different activities as and when required.

Non-Inclusion of the Accounts of the Occupational Therapy Institute and its allied Institutions in the Consolidated Accounts for the year 1965-66 :

51.88 In the Consolidated Accounts for the years 1962-63 to 1964-65 the accounts of the following institutions were included :—

- (i) Occupational Therapy Institute, Delhi.
- (ii) Physio-Occupational Institute, Delhi.
- (iii) Occupational Therapy Institute, Sheltered Workshop, Delhi.
- (iv) Occupational Therapy Institute, Residential Section.
- (v) Occupational Therapy Institute, Building Section.

In the Consolidated accounts for the year 1965-66, however, the accounts of none of these institutions have been included.

Remarks of the auditors on the Consolidated Accounts (excluding Construction Service) for the year 1962-63 to 1964-65 :

51.89 (i) *Elimination of Central grants received from Central Bharat Sevak Samaj by the Pradesh Units, the donations and receipts relating to Central grant activities from the Pradesh accounts.*—The auditors gave the following remarks on this point :

“The figures relating to the receipts of the Central Government grant from the Central Bharat Sevak Samaj, the dona-

tions and receipts relating to the activities covered by the Central Government grants are eliminated from the Statement of a/cs as received from the Pradeshes. The remaining figures are incorporated in the Consolidated statement of accounts. *Inter-alia* the Suspense a/c includes the difference of the figures eliminated as discussed above."

This would show that no attempt has been made by the auditor to see that the Central Grants remitted by Central Bharat Sevak Samaj to the Pradesh Offices were actually compared with the receipts of the Pradesh offices. The auditor has simply put the difference of the figures eliminated under Suspense. The accounts cannot be stated to represent a true picture nor can the Consolidated Accounts be treated as complete in the absence of an account where both the remittances and the receipts were properly shown in the accounts.

(ii) *Collections, donations and contributions not actually realised treated as received.*—The auditors in the reports on the Consolidated Accounts for 1962-63 to 1964-65 gave the following remarks :—

"The grants from the Ministries of the Central Government are as per the audited accounts of the various Sections of the Bharat Sevak Samaj. The field and Regional Camp Committee expenditure, donations, collections, contributions and the State Government grant relating to the activities of the work camp Section and the Family Planning Sections are as per statement of accounts submitted by the Samaj to the Ministries of Education and the Ministry of Health respectively. The accounts of such camps have been audited by the persons authorised by the respective Ministries for such purposes. The expenditure in excess of the permissible limits disallowed by the Central office is treated as Collections, Donations and Contributions. The excess of expenditure over the amount remitted or *vice-versa* is shown as liabilities on the advances recoverable or adjustable as the case".

This would show that the Consolidated statements of accounts did not actually reflect a correct picture as collections, donations and contributions were worked out on theoretical

basis i.e. the total expenditure in excess of the permissible limits disallowed by the Central Office was treated as collections, donations and contributions raised by the local units. When such collections, donations and contributions were actually not realised this should not have been taken as receipts and only the actual expenditure and the receipts should have been shown in Consolidated Accounts.

(iii) *Non-reconciliation of the remittances made by the Bharat Sevak Samaj, Central Office to various Regional Camp and Health Committees.*—The auditors had the following remarks to offer on this point :—

"It has not been possible to reconcile the remittances made by the Bharat Sevak Samaj, Central Office to the various regional camp and Health Committees."

(iv) *Statements of accounts of the Pradesh Units not in the proforma in which the accounts have been consolidated.*—The auditors had remarked as follows :—

"Some of the Statements of the a/cs are not available in the proforma approved by the Planning Commission and such accounts as far as possible have been modified to conform to the proforma or as near thereto as possible for incorporating in the consolidated a/c."

(v) *Combined accounts of the Construction activities and other welfare activities by certain Pradeshes and the figures relating to construction and non-construction activities bifurcated by the auditors and differences put under Suspense.*—The auditors remarks in this regard were as follows :—

"In the case of Nagpur, Manipur, Bombay, the statement of accounts received included the a/cs of the construction activities. The figures taken in the Consolidated a/cs are after eliminating the figures relating to the construction activities balancing the difference with Suspense."

The Consolidated Accounts for the year 1964-65 for the Construction Service, however, show that the auditor who had compiled Construction Service account had not mentioned what figures in the combined Consolidated Account of Nagpur, Manipur, and Bombay Pradeshes were taken in the Consolidated Accounts by them. Further balances of the figures by putting the figures under

Suspense makes the accounts ineffective of the correct position to that extent.

Suspense shown in the Consolidated Accounts

51.90 The Consolidated Accounts for the years 1962-63 to 1963-64 and 1964-65 show the following balances under Suspense :—

As on 31-3-1963	Rs. 5,626.90 on the assets side.
As on 31-3-64	Rs. 1,34,810.12 on the liability side.
As on 31-3-65	Rs. 73,270.56 on the assets side.

The fact that the Balance Sheets for the various years were balanced by putting the difference under Suspense shows that the accounts do not correctly reflect the correct state of accounts.

Excess of receipts over payments of grants and donations etc. as per statements of accounts annexed.

51.91 The excess of receipts over payments on grants and donations as per the statements of accounts for the various years were as follows :—

1962-63	1,10,001.22	
1963-64	(—)61,294.06	(Showing the excess of expenditure over receipts).
1964-65	2,37,585.86	
1965-66	5,70,730.56	

51.92 In the Balance Sheet as on March 31, 1963 the accumulated excess of receipts over payments of the previous years have not been shown in the accounts. Similarly, the accumulated excess of receipts over payments upto the year 1962-63 were not carried forward in the Balance Sheet as on March 31, 1964 and in the Balance Sheet as on March 31, 1965 the accumulated balance of the receipts over payments upto 1963-64 were not carried over. Thus the Balance Sheets did not reflect a correct picture of accounts.

51.93 In the Balance-sheet as on March 31, 1966 however on the liability side the following balances are shown :—

	Rs.
(i) Balances of the previous years of the excess of receipts over payments	9,11,492.72
(ii) Excess of receipts over payments for the year 1965-66	7,50,386.97
TOTAL.	16,61,879.69

51.94 As has been mentioned earlier, in the previous years only the excess of income over expenditure for the respective years was shown and the balances of the previous years were not carried over. Therefore, it is not possible to verify how this amount of Rs. 9,11,492.72 has been arrived at. No details are given in the Balance-Sheet. Thus the balances as shown in the Balance sheet as on March 31, 1966 are not verifiable.

51.95 But one fact is evident i.e. upto March 31, 1966 the Bharat Sevak Samaj had an accumulated surplus of Rs. 16,61,879.69.

51.96 The consolidated receipt and payment accounts of the Central grants upto the year March 31, 1962 showed that the excess of receipts over payments accumulated in that account as on March 31, 1962 was Rs. 3,16,781.18. This balance was not carried over in the consolidated Balance Sheet as on March 31, 1963. Whether this amount was included in the balances of Rs. 9,11,492.72 carried over in the statements of Assets & Liabilities as on March 31, 1966 cannot be verified as the yearly break-up is not given.

51.97 The Bharat Sevak Samaj was asked by the Department of Community Development to furnish the break-up of the excess of receipts over booked expenditure as on March 31, 1966 and from the break-up furnished by them by their letter No. BSS/Grant/67-68, dated June 10, 1968 the schemes under which these balances were accumulated were as follows :—

Planning Commission :

Lok Karya Kshetra (Rural)	2,75,917.21
(Urban)	55,180.85
Training Centres	3,862.46
National Consumer	5,761.31
Yuvak Seminar	5,695.56
	3,27,300.35

Social Welfare Board :

Welfare Extension Projects	14,506.93
Night Shelters	2,030.42
	12,476.51

Ministry of Health :

Family Planing Camps	4,34,531.79
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Ministry of Education :

Labour & Social Service Camps	33,312.24
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Ministry of Information & Broadcasting :

Jan Jagaran	8,331.38
Central & G.A. Section	2,24,506.79
Pradeshes	6,21,420.63

Figures of expenditure on Labour and Social Service Camps and Family Planning Camps included in the Consolidated Accounts (excluding Construction Service) for the years 1962-63 to 1965-66

51.98 The accounts which were included in the Consolidated Accounts show that for the years 1962-63, the accounts of Works Camp and the Health & Sanitation sections of the Bharat Sevak Samaj have been included in the consolidated accounts. The auditor made the following remarks on the accounts of the Labour & Social Service Camp and the Family Planning Camps included in the consolidated accounts :—

“Para 4 of Auditor’s remarks in 1962-63 report.”

The grants from the Ministries of the Central Government are as per the audited accounts of the various Sections of the Bharat

Sevak Samaj. The field and R.C.C.S. expenditure, donations, collections, contributions and the State Government grant relating to the activities of the work camp Section and the Family Planning Sections are per Statement of A/cs submitted by the Samaj to the Ministry of Education and the Ministry of Health respectively. The accounts of such camps have been audited by the persons authorised by the respective Ministries for such purposes. The expenditure in excess of permissible limits disallowed by the Central Office is treated as Collections, Donations and Contributions. The excess of expenditure over the amount remitted *vice-versa* is shown as liabilities or the advances recoverable or adjustable as the case is.

51.99 The position as shown in the Consolidated Accounts and in the accounts of the schemes is indicated below for the two schemes :—

Labour & Social Service Camps.	Expendi- ture as shown in the Consolidated Accounts.	Expenditure as shown in the audited accounts of the scheme rendered to Ministry.		
		Central Office	R.C.C. Camps	Total
1962-63	9,04,954.61	64,489.21	88,934.16	Not received by the Ministry from the Samaj.
1963-64	4,89,329.38	35,810.01	47,093.58	
1964-65	1,47,459.13	No account		
1965-66	11,294.69	No account		
Family Planning Camps	Expenditure as shown in the Consolidated a/c	Central Office	Camps		Total
1962-63	1,00,646.43	10,010.00	90,178.83	1,00,188.83
1963-64	2,94,388.51	27,830.00	2,61,893.75	2,89,723.75
1964-65	55,054.05	39,122.00	3,85,174.38	4,24,296.38

51.100 From the above it will be seen that as the audited statement of camp expenditure and Regional Camp Committee expenditure

are not available in the Ministry’s files, the connection of the figures included in the consolidated accounts cannot be verified.

Non-inclusion of grants received for the Family Planning Clinics in the Consolidated accounts of the Bharat Sevak Samaj (excluding the construction service) :

51.101 The Bharat Sevak Samaj were given grants by the Ministry of Health & Family Planning for the Family Planning Clinics

run by the Samaj. The amounts of grants given by the Ministry and the expenditure on these clinics were intimated by the Ministry to the Commission on affidavit. These figures and the figures incorporated in the Consolidated accounts for the various years were as follows :—

Year	Figures of grants and expenditure for the Family Planning Clinics as per the affidavit filed by the Ministry of Health & Family Planning		Figures of receipts of grants and expenses as per the consolidated accounts.	
	Grant	Expenditure	Grant	Expenditure
1957-58	60,100·00	59,988·34	52,850·00	52,850·00
1958-59	5,250·00	5,250·00	1,500·00	1,500·00
1959-60	11,860·00	11,860·00	10,455·00	10,455·00
1960-61	45,951·00	44,436·34	18,033·00	18,033·00
1961-62	25,556·00	25,556·00	25,556·00	25,556·00
1962-63	57,938·00	57,938·00	No figures	No figures
1963-64	90,628·00	76,084·00	Do.	Do.
1964-65	3,73,003·00	3,11,254·00	2,44,100·00	Do.
1965-66	1,34,033·00	1,22,641·00	No figures	Do.

51.102 The above statement will show that in some years the grants received and the expenditure therefrom for the Family Planning Clinics were not shown in the consolidated accounts and in the other years the figures incorporated in the consolidated accounts were not tallying with the figures. Thus the correct picture about the grants for the Family Planning Clinics and the expenditure therefrom was not reflected in the consolidated accounts.

Grants for Night Shelters, Welfare Extension Projects and Lok Karya Kshetra (Urban) :

51.103 In the consolidated accounts of the Bharat Sevak Samaj (excluding Construction Service) the following grants have been shown as received for the Welfare Extension Projects, Night Shelters and Lok Karya Kshetras (Urban) and the expenditure has also been shown against these schemes :—

Year	Receipts			Expenditure		
	Night Shelters	W.E.P.	L.K.K. (U)	Night Shelters	W.E.P.	L.K.K. (U)
1957-58			18,500·00			18,570·70
1958-59	75,600·00	60,000·00	63,000·00	8,635·01	40,460·47	64,009·03
1959-60	63,000·00	92,200·00	1,14,980·00	64,668·66	1,21,493·19	97,550·64
1960-61	61,960·00	1,38,700·00	2,09,930·00	1,14,216·93	1,53,241·13	1,89,330·13
Less Refund	7,645·94					
	54,314·06					
1961-62	61,178·88	1,03,148·27	2,97,800·00	91,378·76	1,38,502·33	2,69,347·88
		Refund	10,000·00			
			2,87,800·00			
1962-63	50,641·37	1,64,520·01	2,85,300·00	94,277·81	1,89,672·49	3,03,946·48
1963-64	34,040·94	1,41,323·52	3,19,210·00	84,369·47	1,52,575·58	3,28,830·82
1964-65	44,314·65	1,28,684·92	3,43,460·00	73,911·70	1,95,002·20	3,81,935·88
			Refund	211·23		
1965-66	32,836·22	1,45,212·54	3,82,000·00	73,243·54	1,79,732·19	4,64,465·31

51.104 As a number of Night Shelters, Welfare Extension Projects and Lok Karya Kshetras (Urban) were functioning and the grants were released separately for these the figures incorporated by the Bharat Sevak Samaj in their consolidated accounts are not available in a single account for the scheme concerned. The working sheets in which these figures were consolidated have not been produced by the Bharat Sevak Samaj before the Commission. Therefore, these figures are not readily verifiable.

Accounts of units included in the consolidated accounts for the years 1962-63 to 1965-66 not received in the Commission :

51.105 The number of unit accounts included in the consolidated accounts of the Bharat Sevak Samaj for the years 1962-63 to 1965-66 and the number of accounts out of these furnished by the Bharat Sevak Samaj to the Commission included in the accounts sent to the Planning Commission were as follows :—

Particulars	Year		
	1962-63	1963-64	1964-65
Total No. of units whose accounts have been shown as included in the consolidated accounts	44	48	44
Individual units accounts available and furnished by the Samaj	36	44	43
Units accounts included in the consolidated accounts but not furnished by the Samaj	8	4	1
Unaudited accounts included in the consolidated accounts	4	4	4

51.106 The accounts not produced were the following :—

1962-63

- (1) Bihar (Patna)
- (2) Kerala
- (3) Orissa
- (4) Pondicherry
- (5) Punjab (Chandigarh)
- (6) Uttar Pradesh (Lucknow)
- (7) West Bengal (Calcutta)
- (8) Goa.

1963-64

- (1) Andhra (unaudited)
- (2) Orissa
- (3) West Bengal (Calcutta)
- (4) Goa.

1964-65

Delhi

51.107 Unaudited accounts included were the following :—

1962-63	1963-64	1964-65
(1) Bharat Sevak Samaj, Assam.	(1) Bharat Sevak Samaj, Assam.	(1) Bharat Sevak Samaj, Assam.
(2) Bharat Sevak Samaj, Delhi State, Sarojini Nagar.	(2) Bharat Sevak Samaj, Delhi State, Sarojini Nagar.	(2) Bharat Sevak Samaj, Delhi State, Sarojini Nagar.
(3) Bharat Sevak Samaj, Delhi State, Sarojini Nagar Woman Welfare and Craft Centre.	(3) Bharat Sevak Samaj, Delhi State, Sarojini Nagar Woman Welfare and Craft Centre.	(3) Bharat Sevak Samaj, Delhi State, Sarojini Nagar Woman Welfare and Craft Centre.
(4) Bharat Sevak Samaj, Delhi Sarojini Nagar (Balmandir School).	(4) Bharat Sevak Samaj, Delhi Sarojini Nagar (Balmandir School).	(4) Bharat Sevak Samaj, Delhi Sarojini Nagar (Balmandir School).

51.108 Thus some of the accounts have not been produced by the Bharat Sevak Samaj before the Commission and some accounts which were not audited have been included in the consolidated accounts. In the absence of some accounts it could not be verified whether the figures shown for the States have been correctly compiled and properly included in the statement.

Shortfall in matching contribution included in the consolidated accounts for the year 1964-65—details wanting :

51.109 In the consolidated accounts for the year 1964-65 a sum of Rs. 1,10,489.32 has been shown as the shortfall of matching contribution refunded to the Planning Commission. The scheme to which this refund relates has not been specified and this item could not be verified from any individual accounts.

51.110 The following grants-in-aid included in the individual accounts of the different sections of the Occupational Therapy Institute have not been included in the Consolidated Accounts of the Samaj :—

Name of the Institute	Figures as per individual A/c	
1962-63		
Occupational Therapy Institute	7,000 10,000 53,850 50,345	(Equipment) (Do.) (Ministry of Education-Bus) (Delhi Admn.)
O.T.I. Residential Section	15,480	(Do.)
Physio O.T.I.	12,000	(Ministry of Health)
1963-64		
Sheltered Workshop	10,000	(Ministry of Health)
Physio O.T.I.	20,000	(Do.)
Residential Section	6,000	(Delhi Admn.)
Occupational Therapy Institute.	7,000	(Do.)
Occupational Therapy Institute.	63,294	(Do.)
1964-65		
Sheltered Workshop	32,500	(Ministry of Education.)
Sheltered Workshop	56,809	(Do.)
Residential Section	9,000	(Central Social Welfare Board)
Residential Section	10,134	(Delhi Admn.)
Occupational Therapy Institute.	10,650	(Do.)
Occupational Therapy Institute.	5,000	(Ministry of Health.)
Occupational Therapy Institute.	10,000	(Do.)
Occupational Therapy Institute.	7,000	(Ministry of Education)
Occupational Therapy Institute	70,228	(Delhi Administration)

Closing Balances as on March 31, 1966 :

51.111 The closing balance as on March 31, 1966 has been shown in the consolidated statement of Assets and Liabilities (excluding construction activities) for the year ending March 31, 1966 as Rs. 15,41,965.19. The break-up of these balances amongst various units was given by the Bharat Sevak Samaj by its letter dated the 10th June, 1968 in which the balance with the Central and General Administration Sections was shown as Rs. 6,54,418.68. The audited accounts of the Central and General

Sections show the balance as on March 31, 1966 as follows :—

	Rs.
Central Section	6,51,794.71
General Section	2,142.78
TOTAL	6,53,937.49

Thus there is a difference of Rs. 481.19 shown in the individual accounts and what is shown in the consolidated accounts in respect of the General and Central Sections.

Consolidated Accounts of the Construction Service of the Bharat Sevak Samaj :

51.112 The Bharat Sevak Samaj submitted on May 30, 1968 the consolidated accounts of the Bharat Sevak Samaj Construction Service for the periods ending March 31, 1965 and March 31, 1966. The Planning Commission pointed out certain defects in these accounts and asked the Bharat Sevak Samaj to recast the consolidated accounts. These recast consolidated accounts of the Construction Service were submitted by the Bharat Sevak Samaj on December 30, 1968. The accounts submitted were "recast consolidated Balance-Sheets" as on March 31, 1965 and March 31, 1966, Profit and Loss Accounts, contract accounts and manufacturing accounts (brick-kiln) for the years ending March 31, 1965 and March 31, 1966 of the Construction Service of the Samaj.

Uniform period of accounts not adopted for all the units whose accounts were consolidated :

51.113 A scrutiny of the lists of accounts of the Units incorporated in the "recasted" consolidated statements of Accounts shows that in the consolidated account for the year ending March 31, 1965 the accounts of some units are for periods earlier than 1-8-1964 and in some cases the period of account of some units was not from 1-8-1964 to 31-3-1965 but for some other periods. A list of such units is shown in Table 51-F.

51.114 Similarly in the consolidated accounts for the year 1965-66 the units whose accounts were incorporated in the consolidated accounts did not have the same accounting period. A list of such units is given in Table 51-G. Their accounting periods were not April 1964 to March 1965.

Uniform form of Accounts not adopted by all the Units:

51.115 As explained earlier the Chartered Accountant appended a note to the Consolidated Accounts to the effect that the statement of accounts received from the various units were not in the prescribed *proforma*. A scrutiny of the lists of accounts of the units incorporated in the Consolidated Accounts shows that in many cases the unit accounts from which the Consolidated Accounts were prepared were Receipt and Payment accounts and there is no indication that the Profit & Loss Accounts for those units and the Balance Sheets were before the Auditor at the time of compilation of the accounts. In the absence of a uniform set of accounts the accounts prepared by the Auditor cannot be stated to represent a true picture of the accounts of the entire organisation. A list of units of which only the Receipt & Payment accounts were received and incorporated in the Consolidated Accounts is given in Table 51-H.

51.116 In the following cases Income and Expenditure Account and Balance Sheet and not profit and loss Account and Balance Sheet were prepared.

1964-65

1. Metal Crushing at Ramchandrapuram.
2. Andhra Pradesh Unit.
3. Nagarjuna Sagar Left Bank Canal—14.
4. Nagarjuna Sagar Left Bank Canal—41-42.
5. Nagarjuna Sagar Left Bank Canal—65 to 67.
6. Nagarjuna Sagar Left Bank Canal—13.
7. Hazaribagh.
8. Delhi.
9. Himachal Pradesh.
10. Mandsaur.
11. Maharashtra Pradesh Unit.
12. Bombay Railway Unit.
13. Manipur.

1965-66

14. Nidadavolu.
15. Tirupati.
16. Maharashtra Pradesh Unit.
17. Manipur.

51.117 The auditor had appended the following notes to the "recasted consolidated Balance-sheet" for both the years:

"Due to lack of precedence, no controlling single set of books incorporating the transactions and financial affairs of different units of the construction services of the Samaj was maintained; the books were not kept in a fashion giving all the required information and the statements received from certain centres were not in the prescribed *proforma*. While compiling the above consolidated statement, attempt has been made to allocate the figures to the heads of the *proforma* as accurately as could be possible with the help of the information available from the record."

"While consolidating the data from the statements of account differences in castings were observed in a few statements. The differences have been suitably incorporated in the above consolidated statements."

51.118 From these notes it would appear that certain allocations of the figures were given by the auditors to the heads of the *proforma* as no uniform set of books or uniform forms were used by the various units. Thus it would appear that the accounts were not certified as accurate to the fullest extent by the auditors. Further, the differences in "castings" noted by the auditors have been suitably incorporated in the consolidated accounts according to the auditor's note.

51.119 The Auditor had remarked in his report on the "recasted accounts" for the period ending March 31, 1965 that the statements of accounts received from Gujarat for the period from 7-11-1960 to 31-7-1964 presented before them were not certified as true copies by any authority. Similarly, in the accounts for the period ending March 31, 1961 the auditors had remarked that the statement of accounts of the Gujarat Unit presented before them were not certified as true copies by any authority.

51.120 The auditor had also remarked that the reports of the earlier auditors on different units had not been taken into consideration while compiling the accounts. This is an important qualification as the various discrepancies pointed out by the auditors who had

earlier audited the accounts of the various units had not been incorporated and as such the consolidated accounts cannot show a correct picture. Further, from the consolidated accounts so prepared there is no method of knowing about the financial position as reflected in the audit reports of the various units accounts.

Accounts of Construction Units of the Bharat Sevak Samaj not included in the Consolidated Accounts :

51.121 The Bharat Sevak Samaj had adopted a system of recognising the different Pradesh and District Units for taking up construction works and only the recognised Units could take up construction works. The Bharat Sevak Samaj has not produced the records regarding the recognition of the Units but from the records made available by the Central and State Units of the Bharat Sevak Samaj it appears that 79 Units were recognised by the Central Bharat Sevak Samaj from time to time out of which 62 Units were functioning. About the rest 17 Units there is no information whether they were functioning or not.

51.122 Besides these 62 recognised Units there were 20 un-recognised District Units also which had taken up construction contracts. Thus on the whole 62 recognised Units and 20 un-recognised Units were functioning according to the records produced before this Commission. Out of these 82 Units for 31 Units no accounts have been produced before this Commission or before the Central Bharat Sevak Samaj. For the remaining Units only for one Unit accounts have been produced for the entire period of functioning and for 50 Units accounts have been produced for only partial periods i.e. for some years. In the Consolidated accounts for the year 1964-65 produced by the Bharat Sevak Samaj only the accounts of 29 Units have been included and for the year 1965-66 Consolidated Accounts prepared include only the accounts of 32 Units. The accounts produced show that only 34 of the accounts were audited by Chartered Accountants for partial periods and the accounts of 17 Units were not audited at all.

51.123 The records also show that the recognised and un-recognised Units had taken up 2,122 works of the value of Rs. 8,48,21,423.29

and out of these accounts are available only for 1,601 works and the value of works included in those accounts is only Rs. 4,30,07,220.60.

51.124 The Commission would observe particularly the non-production of the accounts of the Kosi Project Construction Committee. The Commission finds that the work in Kosi Project embankments and canals were entrusted to the Bharat Sevak Samaj from the year 1954. In the initial stages portions of the works were given to the Unit Leaders nominated by the Bharat Sevak Samaj and to the Bharat Sevak Samaj itself but in the later years works were given only to the Bharat Sevak Samaj. The Unit leaders were either head men of the Panchayats or Labour Cooperatives or the leaders of the Bharat Sevak Samaj Units and they were nominated by the Bharat Sevak Samaj which was allotted different reaches during different years at rates settled between the Bharat Sevak Samaj and the Kosi Project Administration. Neither the Bihar Government nor the Bharat Sevak Samaj have produced any records showing as to what work was given to the headmen of Panchayats or to the labour cooperatives and what works were given to the Bharat Sevak Samaj Units but the Kosi Project Administration allotted different reaches for execution through the Bharat Sevak Samaj agency and as the rates were settled by the Bharat Sevak Samaj and a certain percentage was deducted from the Unit Leaders bills towards Community Savings Fund and the Organisational Expenses of the Bharat Sevak Samaj which according to the Samaj became the money of the Bharat Sevak Samaj.

51.125 This would show that the work was given through the instrumentality of the Bharat Sevak Samaj who nominated the agency to do the execution of the work and according to mutual agreement payments for work done were paid direct to Unit leaders etc. and a part thereof was reserved for the Samaj and Community Savings. Had they been termed petty contractors the operation would not have been different. The officials of the Bihar Government in their evidence before this Commission had stated that the total value of work done by the Bharat Sevak Samaj in the Kosi Project was of the order of Rs. 1.75 crores but this has not been corroborated by any details. The Commission finds

that the Bharat Sevak Samaj itself had claimed the value of work done in Kosi and in the Railway embankment up to December, 1962 as Rs. 2 crores. The value of the Railway works done upto that time as shown by the accounts of the Katihar Railway Unit comes to Rs. 14,14,430.80. Thus the work done upto December 1962 in the Kosi Project comes to Rs. 1,85,85,569.20.

51.126 The Bharat Sevak Samaj has not produced any accounts for the work done upto December, 1962. In the circumstances the Commission is unable to give a finding as to their existence or correctness.

51.127 For the years 1963, 1964 and 1965 accounts of the Kosi Project were got audited by a Chartered Accountant but the auditing Chartered Accountant could not prepare any Profit and Loss Account or Balance-sheets because he was never shown the Balance-sheets for the previous years. He merely prepared the Receipt and Payment Account which does not disclose the financial results or a complete financial picture of the Unit.

51.128 The value of work done and payments received as shown in the accounts for the years 1963 to 1965 in the Receipt and Payment account is Rs. 40,51,134.61. Thus the position as regards the Kosi Project Construction Unit is that no authentic information is available from the Bihar Government as to what amounts were paid to the Bharat Sevak Samaj and the Unit Leaders for the work done in the Kosi Project. From the records of the Bharat Sevak Samaj produced before this Commission it appears that the total value of work done and payments received in the Kosi Project amounted to Rs. 2,26,09,753.81 out of which accounts were produced only for three years i.e. 1963 to 1965 wherein the value of work done is Rs. 40,51,134.61. Therefore no accounts for the work of the value of Rs. 1,85,85,569.20 upto December, 1962, have been produced either before the Commission or included in the Consolidated Accounts. Further even for the three years for which accounts have been prepared these accounts are not complete as no Balance-sheets or Profit or Loss Accounts were prepared for that period.

51.129 From the bills of the Unit Leaders the Kosi Project Administration deducted certain percentages towards the Community

Savings Fund and for the organisational expenses of the Bharat Sevak Samaj. From out of these deductions made by the Kosi Project Administration the Bharat Sevak Samaj withdrew Rs. 8,43,068.00 under the Community Savings and Rs. 6,50,250.00 for the organisational expenses. No accounts have been produced showing how these withdrawals were accounted for and used.

51.130 Further according to the affidavit filed by the Bihar Government before this Commission the Bihar Government gave advances to the Bharat Sevak Samaj and the Unit Leaders out of which Rs. 9,63,418.00 were due from the Unit Leaders and Rs. 9,63,649.00 from the Bharat Sevak Samaj itself thus making a total of Rs. 19,27,067.00.

51.131 The Bharat Sevak Samaj in a pamphlet subnomine "some facts about the Construction Service" of 1963 which they had prepared in 1963 (Exhibit No. 69) stated that there were profits of Rs. 16 Lakhs in the Kosi Project Construction works which they had taken up. What happened to these profits is also not known as no accounts for the same have been produced. Whether the profits so shown are the same as the accumulations under Community Savings Fund and the Organisational expenses is also not clear.

51.132 As a result of the efforts made by the Central Bharat Sevak Samaj it appears that the Kosi Unit rendered some accounts in 1966 and two Balance-Sheets were sent as on 31-3-1965 the first one on 27-9-1965 and the second on 11-10-1965 to the Central Bharat Sevak Samaj. In the first one an amount of Rs. 26,16,174.16 was shown as outstanding against the Unit Leaders of the Bharat Sevak Samaj from out of the advances given by the Bharat Sevak Samaj itself and in the second one the balance outstanding against the Unit Leaders was shown as 'Nil'. The Bihar Pradesh Bharat Sevak Samaj was asked to investigate into this and render proper accounts but there is no evidence that such accounts were ever rendered.

51.133 All this shows that the Consolidated Accounts prepared by the Bharat Sevak Samaj do not contain the transactions of the Kosi Project Construction Committee except the Receipt and Payments of three years i.e. 1963, 1964 and 1965. Even for those years no Balance-sheets were drawn up nor any Profits or Loss accounts. The accounts of the Bharat

Sevak Samaj are therefore, not complete as they exclude a major part of the works in Kosi of about Rs. 1.85 crores as well as the advances drawn from the Bihar Government of more than Rs. 19 lakhs and the advances given by the Kosi Unit of the B.S.S. to the Unit Leaders of more than Rs. 26 lakhs. Further these accounts do not show as to what happened to sums withdrawn from the Community Savings Fund and the Organisation Fund by the Bharat Sevak Samaj totalling more than Rs. 16 lakhs.

Accounts of units not received but the figures of Balance Sheets for the previous years were repeated by the Auditors in the Accounts :

51.134 In the case of many units Accounts were not received for the years for which the Consolidated Accounts were prepared. In such cases the figures of the Balance Sheets as shown in the previous years were repeated by the Auditors for preparation of the Consolidated Accounts. In the absence of audited accounts of the individual units the completeness of the accounts cannot be accepted. If the units were closed their balances should have been properly incorporated in the accounts of the Central Unit or the Pradesh Unit. A list of the units whose Accounts were not received but the figures of the Balance Sheets of the previous years had been repeated by the Auditor for purpose of compiling the Consolidated Accounts is given in Table 51-I.

Accounts of the Units included in 1964-65 Consolidated Accounts not included in the Consolidated Accounts for 1965-66 and vice-versa :

51.135 In the case of the Azamgarh Unit under Lucknow Pradesh the Unit's accounts are included in the Accounts for 1964-65 but they have not been included in the Accounts for 1965-66.

51.136 Similarly in the case of 23 units listed out in Table 51-J even though the accounts are included in 1965-66 accounts during 1964-65 their accounts have not been included in the Consolidated Accounts.

Want of detail for the various balances shown in the Consolidated Accounts :

51.137 For the various balances shown in the consolidated Balance Sheets for the year

1964-65 and 1965-66 no schedules showing the details of the balances have been attached. Thus how the assets and liabilities were distributed among the various units and to whom or from whom monies were due and how the cash balances were distributed are not known. In the absence of these essential details the financial position of the grantee cannot be fully revealed by the Accounts.

Balances under Inter-unit Account :

51.138 In the Consolidated Accounts for the year 1964-65 a sum of Rs. 4,18,731.65 has been shown as due from the Bharat Sevak Samaj—Inter-unit Account (Net) on the Assets Side. In the Consolidated Accounts for the year ending 31-3-1966 an amount of Rs. 2,45,838.37 is shown on the liability side as due to Bharat Sevak Samaj—Inter-unit (net). From the nomenclature of the head it would appear that it was operated to show the transfers from one units of the Samaj to another unit either in the form of cash or of equipments, machinery etc. supplied by one unit to another. In the case of cash remittance each remittance made by the sending unit should have been responded to by the receiving unit. Similarly, in the case of equipments transferred the cost of the equipments given by the sending unit should have been responded by the receiving unit. Thus the debits and the credits should have been paired and there should not have been any balance under this head. The existence of these balances shows that the consolidation was not correctly done and the accounts do not represent the true financial position of the Bharat Sevak Samaj.

Savings reported by the Bharat Sevak Samaj :

51.139 The Bharat Sevak Samaj (Construction Service) brought out a pamphlet in October, 1963 entitled "Some facts and views about participation in construction projects of the nation and the programme and approach for the future" (Ex. 69). In appendix III of the said pamphlet the Bharat Sevak Samaj had attached a statement showing the rates of important works undertaken by the Bharat Sevak Samaj during the period 1956-62 and it shows the savings that had accrued to the Bharat Sevak Samaj to be as Rs. 43.31 lakhs. In this have been included the profits of some works which has been completed and of some work which were still in progress. These figures are not relateable to the accounts of

particular units and therefore cannot be verified nor is it shown where these accumulated profits are or how they were or are being used. In order to verify the correctness of these claims the Samaj was asked to give the details and to produce the accounts relating to these savings and the accounts of individual works from which these savings had included accrued. This was to see that the profits earned by the Bharat Sevak Samaj had been properly incorporated in the accounts and the balances had been worked out taking into account such profits.

51.140 The appendix III of the pamphlet referred to above and the savings in respect of works which had already been completed upto 1962 are given in the Table 51-K.

51.141 The Commission thus finds that the Bharat Sevak Samaj did not prepare their Consolidated Accounts showing their overall financial position for all the years. Even for the few years for which they attempted to prepare the Consolidated Accounts, the accounts are incomplete and they do not show the correct overall financial position, particularly because the accounts of a number of units were not incorporated therein and the balances of the earlier years were not worked out as the Consolidated Accounts for those years were not prepared. The Commission also finds that either due to the closing down of some units at the Pradesh or lower levels or due to their non-cooperation the Central Bharat Sevak Samaj have not been able to collect either the audited accounts or the primary records of accounts or both from many of the units. The Commission thus finds that it will be an impossible task to prepare any Consolidated Account showing the overall position of the Bharat Sevak Samaj for all the years at this stage. This is more so because of the weakening of the control of the Central Bharat Sevak Samaj over different Pradesh and lower level units.

51.142 The Commission also finds that even though the Government of India started giving grants to the Bharat Sevak Samaj for various schemes from the year 1953 and also gave loans, advances and various other assistance for various activities undertaken by it, no Consolidated Accounts showing the overall financial position of the Bharat Sevak Samaj were obtained by the Government of India till the Public Accounts Committee in 1965

pointed out this lacuna and recommended the stoppage of grants and assistance till Consolidated Accounts were received. In fact, various Ministries of the Government of India were satisfied by merely obtaining accounts of the particular grants and even in respect of these accounts there was no uniformity in the form in which the accounts were submitted. Some Ministries were satisfied with a mere statement showing expenditure; others called for Receipt and Payment accounts; and still some others called for Income and Expenditure accounts; and in some cases like the Local Development Works, no accounts were called for at all.

51.143 Even though Rule 149(3) of the General Financial Rules requires that before the grant is paid to any public body or institution, the sanctioning authority shall, as far as possible, insist on obtaining the audited statement of accounts of the body or the institution in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that the previous grant, if any, was spent for the purpose for which it was intended, the Ministries did not insist on such overall accounts.

51.144 The case of the Bharat Sevak Samaj before this Commission has been that the conditions in the sanctions for grants during different years did not require the submission of an overall account till the year 1965-66 when this condition was incorporated for the first time as a result of the recommendations of the Public Accounts Committee. They have also stated that they cannot be asked to prepare the Consolidated Accounts showing the overall financial position for the earlier years as they were not demanded during those years. They have further contended that the Consolidated Accounts were to be obtained only before the grants were sanctioned and as in their case the grants had already been sanctioned up to 1966-67, they cannot be asked to render Consolidated Accounts for the previous years. This is how, they contend, the rule should be interpreted. The Commission is unable to accept this contention of the Bharat Sevak Samaj that they cannot be asked to render Consolidated Accounts of the body as a whole for the previous years. The Commission finds that the Samaj had accepted the specific conditions put in the sanction for grants for the years 1965-66 and 1966-

67) about the submission of the Consolidated Accounts of the body as a whole for the previous years and, therefore, they are bound to give the Consolidated Accounts and if they are not able to do it then it is a default on the part of the Bharat Sevak Samaj.

51.145 The Commission also finds that the Samaj had made some efforts to consolidate the accounts of their various units for the previous years but due to absence of any control over the units and due to defective manner in which the accounts were maintained or for any other cause not disclosed they have not prepared or have not been able to prepare complete and correct Consolidated Accounts of the body as a whole. No cogent reason has been put forward by the Samaj for this default. The Samaj cannot now take the plea that they were not required to prepare a Consolidated Account giving the overall financial accounts. It is indeed surprising that a public society like the Bharat Sevak Samaj which claims to have had complete and regular accounts of all the grants, loans etc., for the preparation of which the Government had contributed a sizeable portion, should not have submitted Consolidated Accounts after it was required by the Government to submit them and after its having agreed to do so. This is definitely not a credit either to the society which claims to be the premier voluntary organisation in the country or to the Government of India which promoted the same with the lofty objective of enlisting public co-operation etc.

51.146 It is indeed surprising that in spite of the severe criticism of the Public Accounts Committee in its 34th Report for the year 1964-65, various Ministries of the Government of India should have chosen to release further grants for the year 1965-66 and for the year 1966-67 without obtaining the Consolidated Statement of Accounts of the Bharat Sevak Samaj as a whole. It is all the more surprising that the Ministry of Finance which is the custodian of Public Finances and norms of financial behaviour should have agreed to the Ministries releasing the grants to the Bharat Sevak Samaj without obtaining the consolidated statement of accounts. Obviously, the Ministries concerned were acting against the wishes of the Parliament and by their action were violating the principle of Parliamentary control over public finances.

51.147 As a result of the subsequent criticism by the Public Accounts Committee in its 9th Report (Fourth Lok Sabha) for the year 1967-68, the various Ministries of the Government of India either stopped giving grants for the different schemes in the year 1966-67 or released only the first instalment of the grants for the year 1966-67. Why even the first instalment was released is equally surprising. The contention of the Samaj before this Commission has been that the Ministries did not give them specific intimation of the stoppage of the grants in some cases and in some other cases they were even told that the schemes were to be continued for the whole year 1966-67 at the time of releasing of first instalment of the grants. It appears that the Planning Commission and the Ministries of the Government of India did not give due consideration to the recommendations of the Public Accounts Committee and their efforts to implement the recommendations of the Public Accounts Committee were only half-hearted with the result that there has been lot of confusion regarding continuation or otherwise of the different schemes for which grants were being given to the Bharat Sevak Samaj. The Bharat Sevak Samaj have also not been careful in this regard and they have gone on spending on the different schemes without either getting a specific clearance from the Ministries or getting a specific commitment about the release of the grants. Even in cases like the grants for the Jan Jagaran scheme which was specifically stopped at the end of 1965-66 the Bharat Sevak Samaj went on spending on that scheme and have rendered the accounts for the subsequent years but styled it as 'Supplementary Accounts for the year 1965-66' and has also put in their claim for grants on the basis of those accounts.

51.148 The Commission has not gone into the factum of the grants for the year 1966-67 having been utilised for the purpose for which they were given. The Samaj has not chosen to produce primary records of the different schemes like the records of the Lok Karya Kshetras or of the different centres nor the findings of their own inspectorial staff. They have also shown considerable amounts on account of undischarged liabilities; but produced no proof as to the authority and the correctness of those liabilities. In the absence of the essential and proper record, the Commission has not been able to verify the factum

of the spending and the propriety thereof. The Ministries will have to verify the necessary records and will have to satisfy themselves in this regard. The Commission finds that the Bharat Sevak Samaj was asked to give reports for the Lok Karya Kshetras for the year 1966-67. All that they have done is to touch up the report for the year 1965-66 but they have not been able to give the reports showing the working of the individual Lok Karya Kshetras and the same holds good for other schemes also.

51.149 The Commission has made certain observations about the utilisation of grants and other assistance under the various schemes which have been given to the Bharat Sevak Samaj during the years those schemes have been in operation. It will be for Government to decide as to whether the utilisation of grants for the year 1966-67 should or should not be viewed in the manner the Commission has pointed out. At any rate, the grant for the year 1966-67 cannot be viewed in isolation.

51.150 Another important matter on which the Commission would like to make its recommendation is about the form of accounts. Unfortunately the General Financial Rules, as they stand now, do not specify the form in which the audited accounts of the grant receiving organisation are to be submitted. The Commission finds that a true financial position of the grant receiving body as a whole cannot be ascertained unless the following three sets of accounts are submitted to the Government :—

- (i) The Receipt and Payment Accounts of the body as a whole for the financial year;
- (ii) the Income and Expenditure accounts of the body as a whole for the financial year; and
- (iii) the Balance Sheet as at the end of the financial year for the body as a whole.

51.151 The Commission would also like to emphasise that it will not be enough if the above-mentioned accounts are obtained. These will have to be read along with the Auditor's reports and the Commission finds that in many years the Auditor's reports were never received along with the statements of accounts sent by the Bharat Sevak Samaj and it is needless to emphasise that the examination of the accounts will be impossible without the Auditor's report on the accounts.

51.152 The Commission would, therefore, recommend that necessary amendments may be made in the General Financial Rules so as to provide for the submission of all the three above-mentioned sets of accounts for every body receiving grants or other assistance from the Government of India. For convenience sake the Commission would suggest that the period of accounts should be the same as the financial year of the Government of India and suitable changes in this regard may also be made in the General Financial Rules.

51.153 The General Financial Rules in regard to grants and assistance given to voluntary associations and other bodies including the States are not specific and are capable of different interpretations. The Commission would recommend their re-consideration and their reframing.

51.154 In order to end the controversy whether consolidated and overall accounts have to be obtained before payment of the grants only and not afterwards, the Commission recommends that the Rules may be amended to provide for submission of audited accounts of the body as a whole both before the release of any grants or assistance and after utilisation of the grant or assistance or whenever called for by the granting authority.

51.155 The Commission also recommends that in order to give clear guidance to authorities giving grants or assistance to voluntary bodies, necessary Rules incorporating the above requirement as well as the general principles to be followed by the grant-giving authorities may either be incorporated in the General Financial Rules or separate grants-in-aid Rules covering all these general guidelines may be framed by the Government of India for the guidance of all. These Rules may provide for incorporation of specific conditions in the sanction for the grants or assistance to the different bodies.

51.156 The Commission would also recommend that the requirement about the submission of consolidated and over-all accounts of the voluntary body may be insisted upon not only from such bodies to whom grants are given but also to all such bodies to whom various concessions like rent-free or subsidised Government accommodation is provided and other concessions like free Railway

Passes and concessional passes, exemptions from income-tax are given so that the Government could find out how these concessions are utilised.

51.157 Another recommendation which this Commission would like to make is about the provision in the Societies Registration Act 1860 regarding the submission of accounts like in the case of companies under the Companies Act. The Commission finds that by Societies registered under the Societies Registration Act, there are no provisions contained in the Act making it obligatory on the Society to file a copy of its annual accounts with the Registrar of Societies. The position in the case of the Bharat Sevak Samaj has been that even though there was a specific article in the constitution of the Bharat Sevak Samaj requiring preparation of the audited accounts for each year, both for the Central Bharat Sevak Samaj and its units, this article was observed more in its breach than in its observance. There was no rule under which the Registrar of Societies could have called upon the Society to submit the audited accounts of the Society. The Commission recommends that this lacuna in the Societies Registration Act may be filled up by a suitable amendment requiring the filing of the audited accounts of the Society with the Registrar. This will ensure the preparation of audited accounts by the various societies registered under the Societies Registration Act of 1860. Suitable penal clause for non-filing of the audited accounts may also be incorporated in the Act.

51.158 The Commission further recommends that the Societies Registration Act may be suitably amended to make the clauses applicable to the Memorandum of Association to the companies under the Companies Act to societies under the Societies Registration Act 1860.

51.159 The Commission also finds that even though substantial amounts of grants and other assistance were given by the Planning Commission and the various Ministries of the Government of India to the Bharat Sevak Samaj, there were no adequate arrangements for supervision or inspection by the officers of the Planning Commission or of the Ministries or by the district officials. The Commission, therefore, recommends that the Government should make provisions for the creation of adequate supervisory and inspectorial machinery in the various Ministries before sanctioning large amounts of grants to various voluntary bodies. This machinery can be either of the Central Government or of the State Government depending on the nature of the scheme and the field of its operation. Necessary rules requiring the creation of such machinery may be incorporated in the General Financial Rules and the grants-in-aid rules and the sanction for the grants may also incorporate suitable provisions requiring the voluntary bodies receiving assistance to give the necessary assistance to the governmental machinery in the due discharge of its duties.

TABLE 51-A

(Referred to in para 51.40)

Land and Buildings Owned by the Bharat Sevak Samaj or Leased by them

Location	Particulars of Land or Building ¹	Value	Remarks
		Rs.	
1. Andhra Pradesh		20,360.26	
A. (i) Land and Office Building of the Bharat Sevak Samaj, Domam Road Domam, Hyderabad.	Land and office building.		The records do not show how the site was acquired and when it was acquired. But in the Balance Sheet for the year 1964-65 the expenditure of Rs. 20,360.26 is shown for construction of office building. The amount is not shown on the asset side. Whether any further expenditure was incurred on the building is not known as the Samaj has not produced the accounts for the subsequent years. From the evidence of Mr. M. Subbarao, (Andhra Pradesh Witness No. 19) Pradesh Secretary of the Andhra Pradesh Bharat Sevak Samaj, it is seen that the building is in the possession of one Mr. R. Sultan even though he has been removed from the post of Secretary of the Bharat Sevak Samaj and he has locked up the building and is using it for training persons and for his political activities.
(ii) Pilot Welfare Building	Building	3,700.00	In the Balance Sheet for the year ending 31-3-1965 an amount of Rs. 3,700 is shown as the expenditure on the Pilot Welfare Building. No records have been produced by the Bharat Sevak Samaj as to how the land was purchased, when it was purchased and in whose possession the land and the building are and how they are used.
B. Lands			
(i) Venkatampalli, Gooty Taluq, Anantapur District.	Agricultural Land 18 acres.	Not given	Mr. M. Subbarao (Andhra Pradesh Witness No. 19), has filed a statement showing agricultural land which is in the possession of the Bharat Sevak Samaj. From his evidence it is seen that the Government had given on lease these lands to the Bharat Sevak Samaj for its Lok Karya Kshetra activities. The land at item B (iii) was donated by the Bhoodan Committee and at item B (xi) was donated by a private gentleman to the Bharat Sevak Samaj. When these lands were given to the Bharat Sevak Samaj is not known and none of them appear in any of the accounts prepared by the Bharat Sevak Samaj. From the evidence of Mr. Subbarao it is seen that all this is good agricultural land and the Samaj was cultivating the same but the accounts do not show any receipts from these lands.
(ii) Bettapalli, Gooty Taluq, Anantapur District.	Agricultural land 18 Acres.	Not given	
(iii) Rangapuram, Bheemir Taluq, Nalgonda District.	*Agricultural Land 30 Acres.	Not given	
(iv) Lepakshi, Hindupur Taluq, Anantapur District.	*Agricultural Land 27 Acres.	Not given	
(v) Peddivodu, Rayachoti Taluq, Cuddapah District.	Agricultural Land 10 Acres.	Not given	
(vi) Pattavandlapalli, Rayachoti Taluq, Cuddapah District.	Agricultural Land 10 Acres.	Not given	
(vii) Bottavanigudam, Narsimmpet Taluq.	Agricultural Land 27 Acres.	Not given	
(viii) Pedapondyala, Wanaparthy Taluq, Warangal District.	Agricultural Land 10 Acres.	Not given	
(ix) Rayavampalli, Chittoor Taluq, Chittoor District.	Agricultural Land 10 Acres.	Not given	
(x) Chintagutta, Paleru Taluq, Chittoor District.	Agricultural Land 54 Acres.	Not given	
(xi) Gundipudi, Khammam District.	*Agricultural Land 52 Acres.	Not given	
(xii) Veldenti, Dronachali Taluq, Nellore District.	Agricultural Land 10 Acres.	Not given	
(xiii) Narasapuram, Gooty Taluq, Anantapur District.	Agricultural Land 18 Acres.	Not given	
		294.00	

Location	Particulars of Land or Building	Value	Remarks
Punjab			
		Rs.	
Land for cultural and Beneficent purposes allotted to Bharat Sevak Samaj Punjab, Chandigarh, in Sector-24, Chandigarh.	Land of 1 Acre allotted on 3-1-1968 at a concessional rate of Rs. 6 per square yard for Rs. 38,856.00	49,725.62	The accounts of the Punjab Pradesh Bharat Sevak Samaj, Construction Committee, for the year ending 31st March, 1969 show that out of the profits of the Construction Committee they had transferred Rs. 43,725.62 to the Nehru Seva Bhavan Account. This Nehru Seva Bhavan account has not been produced before this Commission, but the evidence of Mr. D. D. Khanna Chairman of the Punjab Pradesh Bharat Sevak Samaj is that this amount was utilised for purchasing 1 acre of land from the Chandigarh Administration and for constructing a building thereon. The documents concerning the land and the building have not been produced before this Commission and therefore it is not possible to say as to in whose name the land and the building is, but the allotment letter of the Chandigarh Administration was in the name of the Bharat Sevak Samaj for beneficent purposes. This appears to be a freehold land. Besides the amount of Rs. 43,725.62 transferred from the Construction Service Account, another amount of Rs. 6,000 was transferred from the Pradesh Bharat Sevak Samaj Account in the year 1969-70 to the Nehru Seva Bhavan.
Gujarat Pradesh Bharat Sevak Samaj			
Mount Abu	Building purchased in 1961-62 by Gujarat Pradesh Bharat Sevak Samaj Ahmedabad for Lodging of poor people at Mount Abu during Summer.	41,275.00 upto the end of 1966-67	This building was purchased out of accumulations in the Building Fund which the Gujarat Pradesh Bharat Sevak Samaj had created. In 1961-62 Rs. 25,000 were paid as the purchase price and further additions were made during 1962-63 costing Rs. 10,324. Thus the total expenditure on the building was Rs. 35,324. In the year 1965-66, however in the Balance Sheet this building was removed from the assets side and the entire expenditure was shown as an advance to "Late Raoji Kaka Samarak Vihanganti Grih, Abu". Mr. Primalal Jhaveri the Chairman of the Gujarat Pradesh Bharat Sevak Samaj (Ahmedabad witness No. 1) stated in his evidence before the Commission that the agreement for the purchase of the building was in the name of the Bharat Sevak Samaj through its Secretary i.e. Mr. Panna Lal Jhaveri and Treasurer Mr. Dayabhai Jani. He also stated that out of the loan of Rs. 35,000 given by the Bharat Sevak Samaj, the Raoji Kaka Samarak Trust had returned Rs. 8,000 and that the price does not belong to the Bharat Sevak Samaj. It also appears that when Central Bharat Sevak Samaj asked the title deed of the building they could not get the same but could get only copy of the title.

Location	Particulars of Land or Building	Value	Remarks
Manipur		Rs.	
(i) Kanglatombi, Manipur	20 Paris of Land for multipurpose farm including Building	24,010.19 expenditure for the period 1961-62 to 1966-67.	In the Balance Sheet of the Manipur Bharat Sevak Samajas on 31-3-1967 on the Assets side is shown land at cost for the multipurpose farm Rs. 10,000. This land was purchased from out of the advance made by the Public Works Department. Further expenditure was incurred totalling Rs. 14,010.19 up to 1966-67 for the improvement of the land and for cultivating the land. According to the evidence of Mr. R. K. Singh, Manipur witness No. 2, this land is in the name of the Secretary, Bharat Sevak Samaj, Imphal. They had cleared the jungle and improved the land for cultivation purpose and had constructed a small building. They are not cultivating the farm now and had given it on a sort of a lease but there was no agreement in writing. Amount was to be paid only after 5 years and the Samaj was getting nothing from the land. The Commission has not been shown the documents for the land nor does the Central Samaj got the documents in their possession. Who is the beneficial of the land is also not known but certainly the Samaj is getting nothing out of it even though they have spent Rs. 24,010.19 up to 1966-67, the cost of land being Rs. 10,000.
(ii) Kanchipur	4 Paris of Land for Brick Kilns.	18,600.00 (up to accounts from 1961-62).	In the accounts for the year 1960-61 the expenditure on the Office building is shown as Rs. 17,692 and further expenditure was incurred of Rs. 2,506.25 in 1961-62. Out of this an amount of Rs. 18,600.00 was transferred to the Brick Field Land Account. Thus it appears that the land was purchased some time in 1960-61. The Brick Kiln started on the land was given on lease to the Khadi and Village Industries Association was there was some loss, the loss up to 31-3-1964 being Rs. 33,779.65. The Accounts of the Khadi and Village Industries Association has not been settled but the land is still with them. As per the evidence of the Manipur Witness No. 2, Mr. R. K. Singh, the land was in the name of the Secretary, Bharat Sevak Samaj, Imphal. The documents for the land have not been produced and they do not appear to be in the possession of the Central Bharat Sevak Samaj either.
(iii) Manipur City for Office Building.	Small plot of land measuring 100 x 70 ft. constructed upto Plinth level.	1,598.25 up to the accounts for 1970-71.	According to the evidence of Mr. R. K. Singh Secretary of the Manipur Bharat Sevak Samaj (Manipur Witness No. 2) the Samaj had a small plot of land in the city measuring about 100 x 70 sq. ft. and they had constructed the building up to the plinth level. The expenditure on the building is shown in the 2 years; 1960-61 and 1961-62 and after that there is no expenditure. It is not clear as to in whose

Location	Particulars of Land or Building	Value	Remarks
		Rs.	
			possession the land is. But according to the Manipur Witness No. 2 the land was in the name of the Secretary Bharat Sevak Samaj, Imphal. The documents for the land have not been produced before this Commission and they do not appear to be in the possession of the Central Bharat Sevak Samaj either.
Bihar			
(i) Mohalla Gomitolla within the Katihar Municipality Katihar.	Community Hall at Katihar constructed on Samaj land. (The land taken in the name of Bharat Sevak Samaj under a Registered deed).	The land was purchased at Rs. 6,000. Present value Rs. 50,000.	According to Mr. Surya Deo Narain Sinha, Convenor of the Purnea District Bharat Sevak Samaj and of the Railway Construction Unit of the Bharat Sevak Samaj, Katihar, (Patna Witness No. 5), the land was purchased for Rs. 6,000 for a Community Hall and it was in the name of the Bharat Sevak Samaj and its present price will be about Rs. 50,000. The Accounts of the Railway construction Unit, Katihar, have been produced only up to the year ending 31-3-1963 and this does not show any expenditure on the purchase of land. From where the land was actually purchased and how it was accounted for is not clear nor is it clear as to how the land and the building, if any, constructed thereon, are being utilised.
(ii) Mircha Bari	Land for Jan Sahyog Kendra, Mircha Bari, acquired through small donations and also built one Pakka House on it.	1,000	From a letter dated the 10th August, 1960 of Mr. Surya Deo Narain Sinha, District Convenor of Katihar, to Mr. Chakradhari Aggarwal, Secretary of the Jan Jagran Group in the Central Bharat Sevak Samaj, it is seen that the Jan Sahyog Kendra at Mircha Bari, through small donations, had acquired properties worth thousand of rupees and had built one pakka house on it on purchased land which was nearing completion. Unfortunately, no other particulars about the land are available nor is it known as to what happened to this land and the buildings constructed thereon. The Central Bharat Sevak Samaj also do not seem to have taken any steps to get the documents registered in its name and to have them in their possession.
(iii) Lok Karya Kshetra, Kishenpur.	7½ acres of land		The records of the Kishenpur Lok Karya Kshetra show that Mr. Chakradhari Aggarwal, Secretary of the Lok Karya Kshetra Group in the Central Bharat Sevak Samaj after inspection reported that 7½ acres of land was acquired as donation to the Lok Karya Kshetra. There are no other records and it is not known in whose name the land was registered and as to what happened to the land.

Location	Particulars of Land or Building	Value	Remarks
Rs.			
6. Delhi			
(i) Rouse Avenue	(a) Land measuring 0.55 acres (Plot No. 9, Rouse Avenue) New Delhi including construction of sheds and buildings for Technical Training Institute.	35,007.81	This plot of land was allotted by Ministry of Works and Housing to the Delhi Pradesh Bharat Sevak Samaj on May 7, 1957, for the construction of the office building. Apart from paying the premium and the ground rent on the land, the Samaj incurred further expenditure on the construction of new and improvement of existing barracks. The barracks were used by the Occupational Therapy Institute which was initially started under the auspices of the Bharat Sevak Samaj but later on went under the control of the Council for the Aid of Crippled and Handicapped. As the building was not constructed, a re-entry order was issued by the Land and Development Officer and the land was subsequently allotted to the Council for the Aid of Crippled and Handicapped. The Delhi Pradesh Office paid ground rent up to July 14, 1968 and according to the evidence of Mr. B.K. Chandiwalla the premium and the ground rent paid by them have not so far been repaid to them by the Occupational Therapy Institute.
	(b) Land measuring about 1 acre (Plot Nos. 10 & 10-A Rouse Avenue, New Delhi). Including Construction.	34,510.75	This land was allotted to the Delhi Pradesh Bharat Sevak Samaj on November 12, 1958, for the construction of buildings for the Occupational Therapy Institute which was functioning under the auspices of the Bharat Sevak Samaj. In April 1966 the Bharat Sevak Samaj paid premium and ground rent up to July 14, 1965 and incurred expenditure on improvement of the existing barracks and on the construction of additional barracks. The control of the Occupational Therapy Institute went out of the hands of the Bharat Sevak Samaj in April 1966 when a separate Society called Council for the Aid of Crippled and Handicapped was registered and took over the management of the Occupational Therapy Institute.
(ii) Hastasal			
On Najafgarh Road for Brick kilns.	100 bighas and 18 biswas of land. This land was mortgaged to the Government of India against the loan of Rs. 5,00,000 sanctioned to Bharat Sevak Samaj on 18-12-1962 for setting up of Brick Kilns.	49,333.80	The Balance sheet of the Delhi Works (Najafgarh Drain Account) Unit of the Central Construction Service for the year ending 31-7-1963 shows expenditure on the purchase of land during that year as Rs. 49,333.80. The present value of the land is not known but from the year 1963-64 the land is not separately shown in the balance sheet and this is merged under the head 'Fixed Assets'. In fact, the balance sheets for the subsequent years show under the Fixed Assets only machinery, tools, plants, office equipment for the construction etc. The Samaj has not furnished any schedule of assets

Location	Particulars of Land or Building	Value	Remarks
		Rs.	
			or any stock, inventory. They have not produced some information but it is not clear whether the land was included in the subsequent years at all. The balance sheets do not clearly indicate the position of this land.
(iii) Delhi	Buildings for Lok Karyā Kshetras Urban at : (a) Manakpura.	15,000.00	In the accounts of the Manakpura Urban Lok Karyā Kshetra Rs. 15,000 is shown as expenditure under the construction of building and the reports of the Samaj indicated that the buildings' construction started in 1957. When the Samaj was asked as to from where they purchased the land they have stated that the plots were given on lease to the Bharat Sevak Samaj by Land and Development Officer but Land and Development Officer has stated that he had not allotted land and the Samaj might have obtained the same either from the Delhi Development Authority or the Municipal Corporation. The Commission has not been able to get the particulars as to who gave the land and whether the land is freehold or lease-hold and in whose actual position the land is.
	(b) Kadam Sharif on Kutab Road, Paharganj, Delhi. Vacant Government land measuring 1,066 sq. yards for running a school and a dispensary.	18,000.00	This land was allotted by the Land and Development Officer for running a school and a Dispensary. The allotment was however continued only up to March 10, 1955. The Samaj, it appears, has constructed a School and a Dispensary and was also running a Club and a Co-operative Store. The accounts of the Bharat Sevak Samaj have not been produced and, therefore, it is not known what expenditure was incurred on the building and whether the building was shown in the accounts.
	(c) Delhi Gate	7,000.00	The balance sheet of the Delhi Pradesh Bharat Sevak Samaj as on 31-3-1967 shows the expenditure on buildings for the Delhi Gate Lok Karyā Kshetra as Rs. 7,000. According to the Bharat Sevak Samaj this plot of land was also leased out by the Land and Development Officer. The Land and Development Officer has stated that this Land was not allotted by them to the Bharat Sevak Samaj but might have been allotted by the Delhi Development Authority or the Municipal Corporation of Delhi. The official of the Delhi Development Authority has also stated in his evidence before this Commission that this land was not allotted by them either.
	(d) Seelampur	3,129.74	The evidence of the representative of the Bharat Sevak Samaj was that three plots of land of 80 sq. yards each situated in Village Seelampur beyond the River Yamuna were also allotted to Bharat Sevak Samaj one for starting a dispensary

Location	Particulars of Land or Building	Value	Remarks
		Rs.	
			and the other two were vacant. They were still in the possession of the Bharat Sevak Samaj but the Bharat Sevak Samaj was not sure as to who allotted this land to them. The value of the land is not shown in the balance sheet but apparently the buildings constructed are shown.
(iv) Mehrauli . . . .	..	..	The accounts of the Central Development Fund show the following expenditure on account of the Land at Mehrauli :
		Rs.	
		19-1-1961	9,700
		12-5-1961	5,500
			It appears that the amount of Rs. 5,500 was initially paid from out of the funds of the Labour and Social Service camps and this was reimbursed to them on May 12, 1961. The particulars of the land are not available nor is it clear in whose name the land was purchased.
7. Kerala			
(i) Vallakkduvu (Lok Karya Kshetra Urban).	For Lok Karya Kshetra Urban, Vallakkduvu.	2,721.80	The report of the Bharat Sevak Samaj sent on 10-2-1961 shows that a building for the Lok Karya Kshetra from out of the contributions raised by the Lok Karya Kshetra was constructed. No accounts of these contributions are available nor do the records indicate as to how the land was got. Neither the land nor the building is shown in the accounts of the Lok Karya Kshetra but in the Lok Karya Kshetra account the following expenditure has been debited on account of the rent of this building to the Government funds :
			Rs.
		1960-61	982.77
		1961-62	578.90
		1962-63	583.00
		1963-64	127.13
		1964-65	600.00
		1965-66	250.00
		TOTAL	2,721.80
(ii) Lok Karya Kshetra, Mayanoor.	(a) For basic school (b) For Labour Welfare activities.	2,000.00 1,000.00	(a) & (b) : The records of the Lok Karya Kshetra at Mayanoor show that in their report for the year 1961 for this Lok Karya Kshetra it was claimed that a building worth Rs. 2,000 was constructed for free basic school and a building worth Rs. 1,000 for the labour welfare activities. In the accounts of the Bharat Sevak Samaj, however, neither donations received nor the expenditure on the buildings is shown nor is it known whether the land actually belonged to the Bharat Sevak Samaj.

Location	Particulars of land or Building	Value	Remarks
		Rs.	
8. Lok Karya Kshetra, Patpar- ganj.	60-acres of land.	Not known	The records show that in the area of Lok Karya Kshetra, Patparaganj the Samaj had 60 acres of land gifted by one Mr. H.R. Mithal. The accounts of the Central Development Fund show an expenditure of Rs. 18,914.64 for the purchase and registration of land. There is no indication as to which land was purchased by but a scrutiny of the accounts show that on 23-4-1959 an amount of Rs. 1,543 was reimbursed to Mr. Krishna Prasada, General Secretary of the Bharat Sevak Samaj on account of Corporation tax for the stamp duty and registration fee etc. on the land gifted by Mr. Mithal. The Samaj started a Lok Karya Kshetra in the area where this land was located and one Mr. Saligram Pathik was appointed Mukhya Sehyogi of the Kshetra during 1963-64. Whether Mr. Pathik was looking after the land is not clear from the records but it appears that Lok Karya Kshetra was shifted to Patparaganj because of the fact that the Samaj had land there. From the records it is not clear as to in whose possession the land was in the subsequent years but the accounts of the Samaj do not show any income from this land. What happened to the land is, therefore, not clear.
<i>Tamil Nadu</i>			
Meenambal Sivraj Nagar Lok Karya Kshetra (Urban).	For Lok Karya Kshetra Urban, Meenambal Sivraj Nagar.	903.00	In the accounts of the Lok Karya Kshetra expenditure is shown on account of construction and improvement of temporary tenements. No records, however, have been produced to show whether the land belonged to the Bharat Sevak Samaj, from whom it was received and that was paid for the same. The value of the land is not shown in any accounts.
<i>10. Mysore</i>			
(i) Dassara Colony (Bangalore) Lok Karya Kshetra (Urban)	For Lok Karya Kshetra (Urban) Dassara Colony, Bangalore.	494.96	In the reports sent by the Pradesh Organising Secretary for the year 1962-63 it is shown as a free building provided by the Public to carry on the activities of the entire centre. Whether the building was given in the name of the Bharat Sevak Samaj whether only user of the building was given to the Bharat Sevak Samaj is not clear from the records. In the accounts, however, the rent is shown as having been paid for the building and for construction of a community hall in the building as follows :
		Rs.	
		1962-63 . . .	146.94 Rent
		1963-64 . . .	118.03 Rent
		1964-65 . . .	234.99 Amount spent on construction of a Community Hall.
		TOTAL . . .	494.96

Location	Particulars of land or Building	Value	Remarks
Rs.			
(ii) Venkataraman (Bangalore) Lok Kshetra (Urban)	Nagar Karia For Lok Karya Kshetra (Urban) Venkataraman Nagar, Bangalore.	2,396.89	The report sent by the Pradesh Organising Secretary for the year 1962-63 shows that the site was given on free-lease for a temporary shed being constructed to locate the office of the Centre. By whom the land was leased and what were the terms are not clear from the records nor is this bit of land and building shown in any of the accounts of the Bharat Sevak Samaj. In the accounts of the Lok Karya Kshetras however, rent is shown as paid for this building and some expenditure on account of construction of Community Hall is also shown as follows :
Rs.			
		1962-63 . . . 110.00	Rent
		1963-64 . . . 110.00	Rent
		1964-65 . . . 376.89	Rent and
		TOTAL . . . 596.89	Construction of a Community Hall.
11. Uttar Pradesh			
(i) Garariapuram Lok Karia Kshetra (Urban)	Kanpur, For Lok Karya Kshetra (Urban) Garariapuram.	1,800.00	A letter from the Secretary of the Social Welfare Group in the Planning Commission dated July 6, 1963 shows that the Project Authorities had constructed a Community Centre at an estimated cost of Rs. 650 and the building had already been completed. All expenditure on the building is not shown in the Lok Karya Kshetra accounts but the Samaj charged the following rent for the building in the Lok Karya Kshetra accounts for the different years. Neither the building nor the land where it was situated was shown in the accounts as assets :
Rs.			
		1963-64 . . . 550.00	
		1964-65 . . . 650.00	
		1965-66 . . . 600.00	
		TOTAL . . . 1,800.00	
(ii) Gorakhpur			
For manufacture of brick Kilns.	22.98 acres of land	69,006.00	The land was purchased from January 24, 1963 to May 1, 1963. Out of this 9.94 acres were gifted to the Institute of Agricultural Economics and Co-operation Gorakhpur by Dr. H.P. Sahi, Chairman of the Bharat Sevak Samaj, Gorakhpur, who is also the Secretary of this Institute. Another 8 acres of this land is also in the possession of the Institute who obtained an ex-parte decree in a suit filed before the court and the property now vests in the Institute. The third plot of 5.04 acres is said to be in the possession of the Bharat Sevak Samaj but was being used for the manufacture of bricks. In the Balance-Sheet of the Rajahi Kiln which has been produced before this Commission no assets on account of land have been shown by the Bharat Sevak Samaj Gorakhpur Unit and if they had any other Kilns the Samaj has not produced the accounts of the same.

Location	Particulars of Land or Building	Value	Remarks
Rs.			
11. (iii) Kamlanagar Varanasi (portion of this building was used by Night Shelter run by Bharat Sevak Samaj with grants from Central Social Welfare Board and rent charged to that account).	Parcel of Land leased out by Municipal Committee, Varanasi for Construction of Building.	6,820.70	Chaitanya Swami Yogiraj Varanasi Witness No. 13 in his evidence before the Commission stated that the land was allotted by the Municipal Corporation to him for constructing a building for the teaching of Yoga but he gave a General Power of Attorney to Ph. Prem Narain Mishra. The Night Shelter, Varanasi incurred an expenditure of Rs. 6,820.70 for constructing the building but according to Mr. Prem Narain Mishra he had spent the money from out of his own funds and the property is now under litigation. It appears that the funds given by the Central Social Welfare Board for the Night Shelter were utilised for constructing buildings on lands which did not belong to the Bharat Sevak Samaj and the Secretary of the Banaras Unit of the Bharat Sevak Samaj has admitted to corner both the land and the property.
12. Haryana	Land situated at Village Bai Chhapar Tehsil Jagadhari, District Ambala.	159 Bighas donated by Shri J.N. Sahni.	This land was donated by Mr. J.N. Sahni and the accounts of the Central Development fund of the Bharat Sevak Samaj show that during the year 1962-63 and 1963-64 the Samaj spent a total amount of Rs. 2,171.64 for mutation of land in favour of the Bharat Sevak Samaj. The accounts of the General Section of the Bharat Sevak Samaj also show some receipts from this land in the following years: Rs. 1963-64 . . . 560.57 1965-66 . . . 600.00 1966-67 . . . 300.00 In whose possession the land was is not clear from the records but the area of the land was shown by the Bharat Sevak Samaj as 159 bighas.
13. (i) Orissa	Land	750.00	The Balance sheet of the Orissa Pradesh Construction Service for the year 1965-66 Construction of tenements at Cuttack shows an expenditure of Rs. 750 on the purchase of land. The particulars of the land purchased are not available as no records connected with the same have been produced nor is it known as to what happened to the land.
(ii) Bambidyadharpur Brick Kiln.	Lease-hold Land	946.75	The schedule of assets attached to the balance sheet of the brick-kilns shows the value of lease-hold land is shown above. From the records it is not clear as to what was the term of the leaser. No accounts have been produced for the subsequent years, and, therefore, it is not known what happened to the land.
(iii) Nayahat Brick Kiln.	Do.	422.51	
	TOTAL	2,119.26	

Location	Particulars of land or Building	Value	Remarks
		Rs.	
14. Lok Karya Kshetra Manali	For construction of a Youth Hostel.	..	The records of the Lok Karya Kshetra, Manali produced before this Commission by the Bharat Sevak Samaj show that the Kshetra was visited by Mr. Krishna Prasad and he had reported that the Lok Karya Kshetra had acquired plot of land for constructing a youth hostel and the services of the Sehyogi were utilised for constructing this building.
			The records do not show from where the land was acquired and what price was paid for the same nor are any other particulars available.
15. Madhya Pradesh			
Shahdol	Land acquired for Ashram.	..	In the Travelling Allowance Bill of Mr. K.P. Singh, Pradesh Organising Secretary Madhya Pradesh, for the month of December, 1961, it is shown that he went to Shahdol on December 22, 1961 for the purpose of acquisition of land for the Ashram. No further details are available nor is it known as to in whose name the land was got registered. The area of the land and other particulars regarding the expenditure incurred on buildings, if any, are also not known.



TABLE 51-B

(Referred to in Para 51.47)

Showing where Audited Statement of accounts of the Individual Schemes were not seen by the Auditors and the entire grant treated as spent by the Auditors for the purpose of consolidated accounts :

Sl. No.	Name of the Scheme	Year of Account	Amount of Expenditure in Rupees.
1	Local Works Programme (Pradesh).	1953-54	2,67,000.00
2	Local Works Programme (Pradesh)	1954-55	2,96,000.00

Sl. No.	Name of the Scheme	Year of Account	Amount of Expenditure in Rupees.
3	Women Welfare Centre Delhi Pradesh	1956-57	2,500.00
4	Family Planning Clinics	1957-58	52,850.00
5	Family Planning Clinics	1958-59	1,500.00
6	Family Planning Clinics	1959-60	10,455.00
7	Family Planning Clinics	1961-62	25,556.00



TABLE 51-C

(Referred to in Para 51.48)

Assets Acquired out of grants given to the Bharat Sevak Samaj

Sl. No.	Name of the Scheme	Period	Amount Rs.	Sl. No.	Name of the Scheme	Period	Amount Rs.
1	Labour and Social Service Camps :			8	Lok Karya Kshetras (Urban)	1958-59 to 1965-66	1,80,636.88
	Central Office	1954-55 to 1964-65	25,930.12	9	Purchase of Tools and Equipment	1958-59 to 1961-62	4,36,896.50
	Regional Camp Committees	1958-59 to 1963-64	29,886.00	10	Lok Karya Kshetra (Rural).		4,46,513.44
2	Jan Jagran	1953-54 to 1965-66	1,42,553.14	11	Training Centres for employing training mobilisation and Construction Control Staff		59,611.23
3	Family Planning Clinics	1957-58 to 1966-67	79,973.28	12	Training Centres :		
4	National Consumer Service.	1963-64 to 1964-65	3,452.36		(a) Mehrauli	1958-59 to 1966-67	20,386.78
5	Family Planning Camps (as per accounts of Health and Family Planning Section).	1962-63 to 1963-64	2,449.19		(b) Trivandrum	1962-63 to 1963-64	14,691.72
6	Welfare Extension Projects (Urban)	1958-59 to 1966-67	64,104.02	13	Mahila Mandal	1961-62 to 1966-67	34,290.19
7	Night Shelters	1958-59 to 1965-66	65,117.47	14	General Grants	1961-62 to 1966-67	31,944.57
							8,436.89

TABLE
(Referred to in
Details of the Local

Sl. No.	Name of the States	1953-54			1955		
		Schemes sanctioned			Schemes sanctioned		
		No.	Total Cost	Subsidy sanctioned	No.	Total Cost	Subsidy sanctioned
1	2	3	4	5	6	7	8
1	Andhra Pradesh	..	..	..	..	..	..
2	Assam	..	..	..	..	..	..
3	Bihar	..	..	..	..	..	..
4	Coorg	..	..	..	..	..	..
5	Gujrat	..	..	..	..	..	..
6	Himachal Pradesh	..	..	..	..	..	..
7	Hyderabad	..	..	..	..	..	..
8	Nagpur	..	..	..	..	..	..
9	Punjab	State-wise break-up of the figures not available.					
10	Pepsu	..	..	..	..	..	..
11	Rajasthan	..	..	..	..	..	..
12	Saurashtra	..	..	..	..	..	..
13	Uttar Pradesh	..	..	..	..	..	..
14	West Bengal	..	..	..	..	..	..
15	Vindhya Pradesh	..	..	..	..	..	..
16	Maha Kaushal	..	..	..	..	..	..
17	Madhya Pradesh	..	..	..	..	..	..
		38	5,18,831	2,16,740	80,10,63,570	4,63,220	

51-D

Para 51.53)

Development Works

1956			1957			1958			1959		
Schemes sanctioned			Schemes sanctioned			Schemes sanctioned			Schemes sanctioned		
No.	Total Cost	Subsidy sanctioned	No.	Total Cost	Subsidy sanctioned	No.	Total Cost	Subsidy sanctioned	No.	Total Cost	Subsidy sanctioned
9	10	11	12	13	14	15	16	17	18	19	20
6	61,842	28,050	3	32,700	16,350						
2	42,160	19,780	3	47,401	23,400						
1	13,323	6,300	1	7,400	3,600						
2	25,000	11,500	1	7,500	3,750						
115	14,94,831	6,65,550	72	7,52,251	3,37,500						
2	79,132	20,000									
4	99,296	35,000	..	..	..	Details not available			State-wise break-up of the figures not available.		
..									
1	5,000	2,500	1	18,000	9,000						
2	38,600	18,600									
8	62,111	29,050	20	1,05,108	51,570						
..									
3	19,822	9,900									
1	19,500	9,750									
..									
..									
..	..	..	1	6,802	3,300	..					
147	19,60,617	8,55,980	102	9,77,162	4,48,470	..	..	134	12,38,000	4,94,400	

TABLE 51-E

(Referred to in Para 51.78)

Statement showing the Pradesh units whose Accounts have been included in the Consolidated Accounts

Sl. No.	Pradesh Units	Year in which formed	Whether included in the consolidated accounts for			
			1962-63	1963-64	1964-65	1965-66
1.	Delhi	1952-53	Yes	Yes	Yes	Yes
2.	Jaipur	"	Yes	Yes	Yes	Yes
3.	Ajmer	"	No	No	No	No
4.	Ahmedabad	1953-54	Yes	Yes	Yes	Yes
5.	Rajkot	"	No	No	No	No
6.	Bhopal	"	Yes	Yes	Yes	Yes
7.	Rohind Goon	"	No	No	No	No
8.	Cuttack	"	Yes	Yes	Yes	Yes
9.	Chandigarh	1955-56	Yes	Yes	Yes	Yes
10.	Narnaul	"	No	No	No	No
11.	Lucknow	1956-57	Yes	Yes	Yes	Yes
12.	Agartala	"	No	No	No	No
13.	Simla	1953-54	Yes	Yes	Yes	Yes
14.	Hyderabad	"	Yes	Yes	Yes	Yes
15.	Patna	"	Yes	Yes	Yes	Yes
16.	Nagpur	"	Yes	Yes	Yes	Yes
17.	Bombay	"	Yes	Yes	Yes	Yes
18.	Akola	"	No	No	No	No
19.	Imphal	1954-55	Yes	Yes	Yes	Yes
20.	Bangalore	1955-56	Yes	Yes	Yes	Yes
21.	Dharwar	"	Yes	Yes	Yes	Yes
22.	Trivandrum	1956-57	Yes	Yes	Yes	Yes
23.	Srinagar	1958-59	Yes	Yes	Yes	Yes
24.	Gauhati	1954-55	Yes	Yes	Yes	Yes
25.	Madras	"	Yes	Yes	Yes	Yes
26.	Pondicherry	1958-59	Yes	Yes	Yes	Yes
27.	Calcutta	1953-54	Yes	Yes	Yes	Yes

Total No. of Units 27

Total No. of Units whose accounts are included in :—

1962-63	21
1963-64	21
1964-65	21
1965-66	20

TABLE 51-F

(Referred to in Para 51.113)

Showing the list of units whose Accounts were included in 1964-65 Consolidated Accounts but the period of Account was either earlier than 1-8-1964 or not from 1-8-1964 to 31-3-1965 but some other Period

Period of Account		Period of Account	
<i>Andhra</i>		11. Anchal No. 2 . . .	For the year ended 31-12-1964
1. Sangareddy . . .	15-6-1963 to 4-9-1964	12. Anchal No. 3 . . .	Do.
2. Gurramkunta . . .	3-12-1963 to 10-5-1964	13. Gandak . . .	1-1-1964 to 31-3-1965
3. Ramchandrapuram . . .	29-10-1963 to 17-8-1964	14. Gujarat . . .	7-11-1960 to 31-3-1965
4. Pradesh Unit . . .	19-3-1964 to 31-3-1965	15. Himachal Pradesh . . .	1-1-1963 to 31-3-1965
5. Nagarjuna sagar Left Bank Canal 14.	16-1-1959 to 31-3-1965	16. Kerala Quilon District	11-3-1962 to 30-3-1962
6. Nagarjuna Sagar Left Bank Canal 41-42.	30-3-1960 to 31-3-1965	<i>Maharashtra</i>	
7. Nagarjuna Sagar Left Bank Canal 65 to 67.	1-12-1961 to 31-3-1965	17. Nagpur Unit . . .	1-4-1964 to 30-11-1964
8. Nagarjuna Sagar Left Bank Canal-13.	27-5-1963 to 31-3-1965	<i>Rajasthan</i>	
<i>Bihar</i>		18. Udaipur . . .	1-4-1964 to 31-8-1964
9. Kosi Project Head Office For the year ended 31-12-1964.		19. Chambal . . .	1-8-1964 to 31-3-1965
10. Anchal No. 1 . . .	Do.	20. Ajmer . . .	1-10-1962 to 31-12-1964
		21. Gorakhpur Kiln . . .	1-11-1963 to 31-3-1965
		22. Central Office . . .	1-8-1963 to 31-3-1965

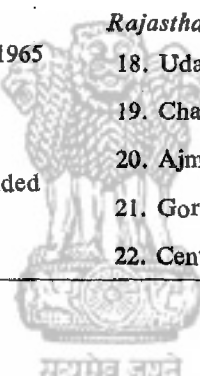


TABLE 51-G

(Referred to in Para 51.114)

Showing the list of units whose Accounts were Incorporated in the consolidated Accounts and did not have the same Accounting Period

Name of Unit	Period of account	Name of Unit	Period of account
1. Assam Pradesh Unit .	1-12-1963 to 31-7-1965	10. Anchal No. 1 . . .	Period ended 31-12-1965
2. Mehboobnagar . . .	18-6-1963 to 18-11-1965	11. Anchal No. 2 . . .	Do.
3. Suryapet	15-1-1965 to 10-2-1966	12. Anchal No. 3 . . .	Do.
4. Nidadavolu	2-9-1963 to 30-9-1965	13. Kerala Quilon District	27-12-1962 to 2-3-1966
5. Narsipatnam	18-3-1965 to 31-3-1966	14. Pradesh Unit Rajasthan including Deoli, Churu, Bharatpur and Jhunjhunu .	25-11-1962 to 31-3-1966
6. Adilabad	1959 to 30-3-1967	15. Gorakhpur District . .	30-4-1965 to 31-3-1966
7. Khandavali	10-10-1964 to 31-3-1966	16. Varanasi	Period of account not mentioned.
8. Tirupati	3-8-1964 to 31-3-1966		
9. Bihar Kosi Project H.O.	Period ended 31-12-1965		



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TABLE 51-H

(Referred to in Para 51.115)

Showing List of Unit in whose case only receipt and Payment Account was presented and no profit and loss Account and the Balance sheet was prepared

Year	Name of Unit	Year	Name of Unit
1964-65	1. Hailakundi	15. Khandavali	
	2. Kosi Project Head Office	16. Kosi Project Head Office	
	3. Anchal No. 1	17. Anchal No. 1	
	4. Anchal No. 2	18. Anchal No. 2	
	5. Anchal No. 3	19. Anchal No. 3	
	6. Quilon District	20. Quilon District	
	7. Allepy	21. Allepy District	
	8. Pradesh Unit Trivandrum	22. Trivandrum Pradesh Unit	
	9. Nagpur Wing	23. Nagpur Railway Unit	
	10. Ajmer	24. Sangli	
	11. Uttar Pradesh Unit	25. Belgam	
1965-66	12. Haila Kundi	26. Uttar Pradesh Unit	
	13. Assam Pradesh Unit	27. Jhansi	
	14. Narsipatnam	28. Gorakhpur District	



TABLE 51-I
(Referred to in Para 51.134)

Showing List of Units whose Accounts were not received but the figures of the balance sheets of the Previous years had been repeated by the Auditor for purpose of Compiling the Consolidated Accounts

Year	Name of Unit	Period of the Balance-sheet figures of which have been repeated	Year	Name of Unit	Period of the Balance-sheet figures of which have been repeated
1964-65	1. Katihar . . .	Figures as at 31-3-1962 repeated.		16. Gandak . . .	Figures of Balance-sheet as at 31-3-1965 repeated.
	2. Indore . . .	Figures as at 31-3-1964 repeated.		17. Katihar . . .	Figures of Balance-sheet as at 31-3-1962 repeated.
	3. Ujjain . . .	Do.		18. Delhi . . .	Figures of Balance-sheet as at 31-3-1965.
	4. Rewa . . .	Do.		19. Himachal Pradesh	Do.
	5. Nagpur Railway Unit.	Difference of closing balance as on 31-3-1964 and opening balance as on 1-4-1965 treated as expenditure.		20. Mandsaur . . .	Figures of Balance-sheet as at 31-3-1964 repeated.
1965-66	6. Sangareddy . . .	Figures of Balance-sheet as at 31-3-1965 repeated.		21. Indore . . .	Do.
	7. Anantpur. . .	Do.		22. Ujjain . . .	Do.
	8. Gurramkunta . . .	Do.		23. Rewa . . .	Figures of Balance-sheet as at 31-3-1964 repeated.
	9. Ramchandrapuram	Do.		24. Nagpur Wing . . .	Figures of Balance-sheet as at 31-3-1965 repeated.
	10. Andhra Pradesh Unit.	Do.		25. Jodhpur . . .	Do.
	11. Nagarjunasagar Left Bank Canal-14.	Do.		26. Udaipur . . .	Do.
	12. Do. 41-42	Do.		27. Chambal . . .	Do.
	13. Do.	Do.		28. Ajmer . . .	Do.
	14. Do. 65-67	Do.		29. Jaipur District . . .	Do.
	15. Hazaribagh . . .	Figures of Balance-sheet as at 31-3-1965 repeated.		30. Sitapur . . .	Do.
				31. Nainital . . .	Do.
				32. Gorakhpur Kiln	Do.
				33. Dehradun . . .	Do.

TABLE 51-J

(Referred to in Para 51-136)

Showing list of units whose Accounts were Included in the Consolidated Accounts for the year 1964-65 but not Included in the Consolidated Accounts of 1965-66.

1. Mehboobnagar	12. Dharwar
2. Suryapet	13. Belgam
3. Midadavolu	14. Punjab
4. Adilabad	15. Rajasthan Pradesh Unit
5. Khandavali	16. Deoli
6. Narsipatnam	17. Churu
7. Tirupati	18. Bharatpur
8. Assam Pradesh Unit	19. Jhunjhunu
9. Kottayam	20. Varanasi
10. Madras	21. Gorakhpur
11. Sangli	

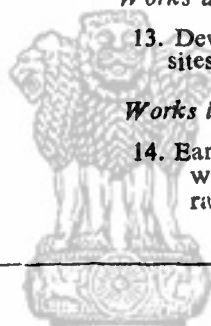


TABLE 51-K

(Referred to in Para 51-140)

Savings reported in Appendix 3 to the Pamphlet, "Some facts and views about participation in Construction Projects of the nation and the Programme and approach for the future" published by Central Bharat Sevak Samaj Constuction Service in October, 1963

Name of works	Savings in lakhs	Name of works	Savings in lakhs
Works at D. Ihi Earthwork		Supply of materials	
1. Earth Work in Jamunabund	0.58	10. Kilns	0.30
2. Repairs to left marginal bund, Okhla.	0.11	11. Sand	0.40
3. Najafgarh Nalla Phase I	0.75	12. Stone pitching of left marginal bund.	0.29
4. Earth Work on raising right marginal bund.	0.10	(even though in the pamphlet the profit is shown as Rs. 20 lakhs, in the report given to the Public Accounts Committee vide Annexure I at 516).	
5. Earth Work on Ghalib Bund	0.20		
6. Najafgarh Phase II	0.20		
Exhibitions works		Works at Bombay	
7. Works in Industrial Exhibition 1958.	1.13	13. Development of Colony sites in Sion	3.00
8. Works in Industrial Exhibition 1961.	4.55	Works in Bihar	
C. Power House		14. Earth Work and Building work in Kosi area and railway embankments*	16.00
9. Phase II	0.90	TOTAL	28.51



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CONCLUSIONS

To sum up—

The Bharat Sevak Samaj was started in 1952 and the initiative for creating the Samaj was taken by Mr. Gulzari Lal Nanda who was at that time the Deputy Chairman of the Planning Commission. It was conceived by Mr. Nanda as a new national non-political agency which was to educate the people so that they might have a better understanding of the facts and their own needs and problems which confronted the people as a whole so that they might be ready to join in a large scale constructive effort.

2. The Bharat Sevak Samaj was registered on December 17, 1952 under the Societies Registration Act of 1860 but the constitution of the Bharat Sevak Samaj was prepared by Mr. Gulzari Lal Nanda and approved by the National Advisory Committee on Public Cooperation in the Planning Commission on August 12, 1952. The objects of this society as mentioned in the constitution are as follows :—

- (i) To find and develop avenues of voluntary service for the citizens of India
(a) to promote national sufficiency and build up the economic strength of the country, (b) to promote the social well-being of the community and to mitigate the privation and hardships of its less favoured sections.
- (ii) To draw out the available unused time, energy and other resources of the people and direct them into various fields of social and economic activity.
- (iii) To take all steps which are necessary for the fulfilment of the aforesaid objects.

There was no specific object showing the power of the Society to carry on commercial pursuits e.g. taking construction contracts, or producing other marketable materials such

as first aid kits nor did the objects clause contain power of borrowing money or charging and hypothecating the properties of the Bharat Sevak Samaj.

In the first year of its existence the Samaj raised resources for its functioning but from the second year onwards, i.e. from 1953-54 the Government started giving assistance to the Bharat Sevak Samaj in various forms under different schemes starting with the scheme of Jan Jagran. This assistance from the Government was in the form of cash grant, loans and advances. There were also various other types of assistance from the Government to the Bharat Sevak Samaj, such as the giving of Government accommodation either free of rent or at concessional rates both for the housing of the offices of the Bharat Sevak Samaj and for residential purposes for the officers and workers of the Bharat Sevak Samaj. Then there were free railway passes (1st Class) for use by the workers of the Bharat Sevak Samaj and also various concessions for its constructional activities like exemption from payment of earnest money and security deposits, non-insistence of previous constructional experience before entrusted with construction works and above all exemption from payment of income tax on the incomes derived from the commercial activities like construction contracts or brick manufacturing which the Samaj took up.

3. The number of schemes for which the Bharat Sevak Samaj were given grants by the Government of India was 30 and the information given by the various Ministries of the Government of India shows that the total grants given from 1953-54 to 1966-67 by the Government of India to the Bharat Sevak Samaj amounted to about 3 crores, to be exact Rs. 2,93,55,275.44 (Table I-B). It cannot, however, be said that the information given by the various Ministries is complete

because the Commission in the course of the enquiry found the Ministries in many cases did not keep a consolidated record showing grants given to the Bharat Sevak Samaj from time to time. Besides the grants by the Government of India given directly to the Bharat Sevak Samaj, grants were also given by the Government of India to the Bharat Sevak Samaj through the State Governments for the Local Development Works from 1953 but the exact amount of the grants so given cannot be ascertained. From the information available for some of the years the grants for Local Development Works totalled Rs. 71,37,855.00.

4. The procedure adopted by the various Ministries of the Government of India was to release grants to the Bharat Sevak Samaj for the different schemes on the basis of estimates. The Bharat Sevak Samaj on receipt of the grants credited them in their General Branch account. The Samaj had a number of activities, some financed by Government grants, some run from out of their own funds and some activities were of a commercial nature like the Construction Service or the manufacture of bricks. The Samaj had also units at the Central, State, District and lower levels all of which were engaged both in activities which were financed out of Government grants and in activities which were not so financed. The detailed procedure of accounting varied but the basic feature was that the grants were credited into the general accounts of the Bharat Sevak Samaj and later they were expended on the different schemes for which Government had given the assistance as and when required or they were taken out from the general funds in instalments and kept in separate accounts which were maintained for different schemes. As the grants were merged with the general balances at least for some periods and were not kept in separate accounts for individual schemes right from the beginning, the grants were used for all the activities of the Bharat Sevak Samaj until they were taken out of the General Funds for specific schemes or they were actually expended on those separate schemes.

5. Another difficulty which the Commission found in ascertaining the utilisation of the grants was that the Samaj rendered accounts for the different schemes either after the entire scheme was over or at the end of

different financial years and the Ministries accepted the utilisation on the basis of final expenditure that was incurred on the different schemes. There was no attempt to ascertain how the Bharat Sevak Samaj used the grants in the intermediate period. Even though the grants were given to the Central Bharat Sevak Samaj in many cases, the actual expending was done by the units at the lower levels i.e. the Central Bharat Sevak Samaj received the grants, then distributed the same to the Pradesh units or to the Regional units and they in turn distributed the amounts to the District units and the village units and it was at the lower levels that the money was actually expended. In many cases, either the Pradesh units merged the grants along with their general funds and the lower level units did not keep the grants separately and in some cases they were even merged with the personal funds of the persons incharge. No distinction was made by those persons between personal and Samaj moneys and there were occasion's cases where the moneys were used for personal purposes like marriages, business etc.

6. Even though the grants given by the Ministries from 1953-54 to 1966-67, amounted to about Rs. 3 crores, the Ministries by and large did not have any proper machinery to control and ensure the proper utilisation of the grants by the Bharat Sevak Samaj or to scrutinise and examine and channelise the working of the schemes. The Ministries released the grant, got accounts from the Bharat Sevak Samaj and in some cases some reports also showing the working of the scheme and the grants were considered as utilised if they were supported by accounts. The accounts were in some cases not audited by Chartered Accountants but in some cases were audited by some minor officials or in some cases were not audited at all. Even in the cases where the accounts were audited, no complete accounts were obtained showing the receipts and payments at various levels, the income and expenditure and the assets and liabilities for the different years to which the accounts related. In some cases, the accounts obtained merely showed the expenditure on the scheme and the Ministries did not even ascertain what the receipts were or if there were deficits, how the deficit was met.

7. In many cases, the reports sent to the Ministries were not comprehensive. They were merely a review of the scheme and the details of the work done by the different units under the scheme were not given therein which alone could have enabled a proper assessment and evaluation of the work done by the different units.

8. In the case of the schemes for which the Bharat Sevak Samaj was given assistance, it was all the more necessary to obtain detailed reports on the working of the different units because the schemes were so nebulous in character that in the absence of proper reports for the units, no proper assessment could be made unless the performance by the different units was analysed and then consolidated.

Jan Jagran

9. The scheme of Jan Jagran was the first to receive assistance from the Government of India and its objective was Plan Publicity, i.e. the Samaj was to popularise the Five Year Plan with a view to obtaining maximum cooperation from the public for the success of the Five Year Plans. It may be observed that the Samaj virtually had no experience of any publicity whatsoever not to speak of Plan Publicity before they were entrusted with the task. They did not have any cadre of workers trained enough to carry on propaganda regarding the Plan or its publicity. It appears however that the working of the scheme was little different from propaganda for the Samaj itself and those employed in this scheme were more a cadre of paid Bharat Sevak Samaj workers at the Central, State, Regional and District levels, who went about organising the Bharat Sevak Samaj units in the various parts of the country, collected subscriptions for the Bharat Sevak Samaj, popularised the ideals of the Bharat Sevak Samaj and did propaganda work for and in favour of the Bharat Sevak Samaj and its leaders.

10. Under this scheme, grants were given for publishing a journal by the Central Organisation in Hindi and English and some bulletins at the State level in the regional languages but these did virtually only propaganda of the Bharat Sevak Samaj and its leaders. The Plan Publicity for which the grants were given was not in practice the dominant activity and whatever publicity

was done was more or less a repetition of the publicity done by the Government publicity agencies.

11. Another item for which assistance was given under the Jan Jagran Scheme was the publication of brochures and the Samaj virtually utilised the grants for bringing out either some pamphlets containing the speeches of the leaders of the Bharat Sevak Samaj or such material as did propaganda for the Bharat Sevak Samaj and its leaders or brought out such publications which were plagiaristic copies of the material brought out by the Government agencies who according to some officials of the Ministry were more competent to bring out such publicity material. The grants given for these brochures were also used by the Samaj for bringing out reprints of some novels and short stories from religious books and this appears to the Commission a mis-utilisation of the grants given for Plan Publicity and not subserving the ideals of a secular State.

12. The journals and brochures were restricted in circulation to the Bharat Sevak Samaj workers and their leaders or some Government officials and they hardly reached the public for whose benefit the scheme was claimed to have been formulated. The Samaj was unable to sell or distribute even free the material they brought out from out of the grants and large stocks were accumulated from time to time, which could not be sold even as waste paper.

13. (a) The Commission is constrained to remark that the very scheme of Plan Publicity under the Jan Jagran was unplanned and wanting in exactitude and it would not be an exaggeration to call it nebulous. Further the reports that were obtained in regard to the execution of the scheme were inadequate and the scrutiny by the Ministry was casual and ineffective. So much so that on this record it is not possible to give a finding of the proper utilisation of the grants, which amounted to as much as Rs. 36,18,535.00 between the years 1953-54 and 1965-66.

(b) The reports regarding the performance of the different Public Co-operation Centres set up by the Bharat Sevak Samaj are only for two half years. They give the work done by the workers of the Jan Jagran scheme at the Central, State and District levels.

(c) The record shows that a large number of workers were employed at the Central, State and District levels under the Jan Jagran scheme and they were more interested in popularising the Samaj and its leaders than popularising the Five Year Plans.

(d) There is no proof before this Commission that these workers employed under this scheme were of a sufficiently high intellectual level as to be able to understand the implications of the Plan or to be able to explain them to the general public.

(e) The publications which the Samaj undertook under the Jan Jagran scheme, as has already been said, did more propaganda for the Samaj than it did for the Plan. The nature of those publications were either records of what the Samaj was doing or its leaders were doing or they were largely reprints of what had appeared in other papers. And surprisingly no objection was taken to these infirmities by the Ministry.

(f) The evidence supporting any Plan Publicity done by the Samaj is meagre and as has been said earlier, the calibre of the workers employed by the Samaj or at least a large majority of them was not such as was capable of doing intelligent propaganda of the Plan.

Labour and Social Service Camps :

14. One of the most important schemes entrusted to the Bharat Sevak Samaj by the Central Government was the Labour and Social Service Camps. During the period 1954-55 to 1964-65 a total amount of grant given for this scheme was Rs. 1,13,74,312.24. Under the scheme, the Samaj was to hold camps for the students in rural areas, the objective being to inculcate a sense of discipline among the students and "to break the dislike of manual work among the educated youth".

15. As originally conceived, the camps were mainly for students with a very small percentage of non-students being allowed to join the camps but as time passed the camps were sanctioned for rural youth also which was the opposite of the original objective. The camps were originally to be held under the auspices of or by educational institutions through their Principals and Head Masters and the role of the Samaj was to assist in

holding of the camps. But when this scheme started operating, the Samaj itself was asked to hold the camps and the grants were given to them instead of to educational institutions. Thus, the role of Bharat Sevak Samaj and the educational institutions was reversed and it was left to the discretion of the Samaj to seek co-operation of the heads of educational institutions as and when they required it.

16. The Samaj held as many as 9,701 camps during a period of 11 years. In the beginning of the operation of the scheme, other institutions also participated in its working but by 1962-63 the Samaj got a virtual monopoly of the scheme. Out of 1,236 camps held during 1962-63 other institutions including the National Cadre Corps, Bharat Scouts and Guides got 34 camps and the rest 1,202 were given to the Bharat Sevak Samaj.

17. The scheme operated like this. The Samaj got a yearly grant on the basis of probable number of camps to be held in the year. Although large amounts of money were paid to the Samaj both for holding camps on the basis of camper days and also supervision charges on the same basis, the Ministry itself had no proper machinery for the supervision of the camps held or for the assessment of the work done there. Thus, the Ministry had neither supervision nor the control except to the extent of being entitled to receive accounts of the camps sent by the Central Samaj and also calling for some reports.

18. Although 9,701 camps were held, the officials of the Ministry or its nominees inspected only 46. Some of the nominees were Professors in the various universities or they were State Government officers.

19. When these camps were held no information was given to the State Governments. They were not therefore asked to exercise any supervision or control over camps. Without a proper machinery it was not possible for the Ministry to keep a check on the Samaj so as to see to the proper working of the scheme, not even to find out when and where the camps were actually held and also whether they were a useful scheme.

20. The Samaj was paid a considerable amount of money based on camper days both for the Central Samaj and for the Regional Units of the Samaj but there is no proof show-

ing as to how the Central Samaj kept control and supervision over these camps atleast no reports properly drawn up seem to have been sent to the Central Samaj by the persons who were alleged to have been employed to keep supervisory control over the holding of the camps.

21. Thus, although the Samaj was paid for the purpose, it has not been proved that there was a proper or regular arrangement for the inspection and supervision of the camps and, therefore, the Samaj cannot be said to have discharged this most important function for which both the Central Samaj and its regional units were separately paid on the basis of camper days.

22. The reports of the inspections carried out by the Professors nominated by the Ministry or by its own officers were not flattering to the Samaj because quite a number of irregularities were pointed out by them. Unfortunately, these inspection reports do not seem to have received attention by the Ministry and no attempt was made by it to investigate the irregularities and defects pointed out nor was a proper machinery devised for a periodical check and inspection of camps either by officers of the Ministry, its special nominees or by officers of the State Governments. At a very late stage the States were asked to conduct inspections. These inspections were instituted towards the fag end of the operation of the scheme and could not have been of much utility.

23. It appears that serious complaints about the irregularities in the camps came to the notice of the Bharat Sevak Samaj and some to the notice of the Planning Commission and even of the Prime Minister. The allegations were serious such as claims being made although no camps were held and inflation of camper days in the accounts.

24. That the Samaj itself was aware of the complaints about the camps is shown by its appointing Mr. B. V. Radhakrishnan, a retired Under Secretary of the Government of India to look into the complaints against the camps. He gave a voluminous report, a copy of which seems to have been sent to the Ministry and it was produced by the Ministry before the Commission but an important part of it, an annexure, containing

particulars of the complaints were not produced before the Commission. The Samaj did not produce the report or its annexure.

25. The inspection reports referred to above made by the officers of the Ministry or by Professors or by the State Government officers were evidently ignored by the Ministry and the grants were continued without any proper evaluation.

26. It appears that in spite of the fact that complaints were made to the Bharat Sevak Samaj and the Planning Minister who was its Chairman, the Samaj itself did not take any effective measures to have a proper supervisory control over the camps and there is nothing to show that the officials visited the camps regularly or periodically. It is not even clear as to whether any officers of the Samaj were asked to conduct the inspections and to make reports. If they did make any reports, they have not been produced before the Commission.

27. When the Commission went to Simla to record evidence there in regard to Himachal Pradesh, it found on inspection of the record that there were complaints of irregularities in the accounts of the camps and that some action was taken thereupon by the District authorities. This was also disclosed by some evidence produced before the Commission. The complaints were serious in nature, which amounted to falsification of books and accounts and making claims about the camps which were not held at all. It also came to the notice of the Commission that the allegations were of forged vouchers, misappropriation of funds, falsification of accounts. It was also stated that some criminal cases had been started which were still going on.

28. It must be mentioned that Mr. G. L. Nanda in his evidence before this Commission has stated that it was at his instance that criminal action was taken because he had directed action to be taken when he got reports of extremely unsavoury character of the holding of the camps and of their accounts.

29. Another feature of the scheme was that in the beginning each camp was sanctioned by the Ministry and grants given therefor

and the accounts of these camps were submitted to the Ministry separately. From the year 1958-59 this practice was discontinued and a lump sum grant was given to the Samaj and it was left to the discretion of the Samaj to hold the camps at such places as it thought fit. So the decision as to the number of camps, the location of the camps and the appointment of organisers of the camps were the sole responsibility of the Samaj and at their absolute and uncontrolled discretion. These lump sum grants were given at the beginning of the year but they were released in instalments depending upon the rules that the Ministry had prescribed.

30. This has led to a state of affairs which the Commission has found extremely difficult to enquire into. The practice was this that the Central Samaj sent certain amount of money to each individual Regional Camp Committee and they rendered a Receipt and Payment Account which have been produced but not for all the years nor for all the Regional Camp Committees. Similarly, moneys sent by Regional Camp Committees to the individual camp organisers are difficult to investigate because individual camps have not produced Receipt and Payment accounts. What has been produced is their expenditure account without disclosing how much was received from the Central or Regional Organisation and what was raised by them or spent out of their own funds. This has happened even when the expenditure was more than what was shown in the accounts of the Regional Committees as having been sent to that particular camp.

31. The Commission has, therefore, not been able to find out where the moneys claimed to have been spent over and above what was received by the individual camp came from or whether they remained mere liabilities.

32. Another defect that the Commission has found in the camp accounts is that the accounts of the individual camps were not audited by any trained Accountant and the report on those accounts was in the nature of certificate that the expenditure had been verified from the vouchers in support thereof and it has been utilised for the purpose for which it was sanctioned. This is a vague kind of a certificate and it is unlike certificates of the Chartered Accountants. But

it appears that this was the form which was prescribed but by whom is not clear. It seems to be a defective kind of a certificate, without certifying that it was in accordance with the books of accounts and other necessary proof of Income and expenditure. Normally the Auditors certify accounts after an inspection of books and vouchers which must tally before the Chartered Accounts give their certificates.

33. In any case, this account does not show where the money came from, how much was received and whether the whole of the expenditure was met out of that amount or from some other source.

34. The Programme Evaluation Organisation of the Planning Commission inspected different Lok Karya Kshetras located at different places. It had been claimed by some of these Kshetras that they had held camps which the Programme Evaluation Organisation found not to have been held.

35. As has been stated above, the various complaints made and irregularities committed were brought to the notice of the Ministry but in spite of adverse criticism against the Bharat Sevak Samaj, it had no effect on the Ministry and it continued to give grants for the camps. It appears to have showed blissful ignorance and disregard of the complaints and criticisms brought to its notice.

36. Besides the accounts which were received by the Ministry of Education, it also received reports from the Samaj relating to the work done at these camps. Besides this there is no proof of the holding of the camps or the work done by them. The least that the Ministry of Education could have done was to nominate its own officers or if that was not possible, asked the State Governments to nominate their officers to inspect the working of the camps and certify the correctness of the claims of holding the camps and in regard to the work done therein.

37. Unfortunately the Central Bharat Sevak Samaj have produced only a portion of the records of the Regional Camp Committees and that also not for the whole period during which they were in existence. The records pertaining to the individual camps, i.e. books of account, registers showing the particulars of the campers or of the names

of the organisers or of the work done or even audited Receipt and Payment accounts or income and expenditure accounts of these individual camps have not been produced before this Commission. The Commission has, therefore, had to restrict its enquiry only to such accounts and documents which the Ministry or the Samaj has chosen to submit before it.

38. In the absence of those particular documents it is difficult to verify the correctness of the expenditure that is claimed to have been incurred on the individual camps.

39. The accounts of the Regional Camp Committee contain the names of the organisers but no particulars are given of the camps organised by them or by whom. The duties of organisers are nowhere given nor is it shown which camps were inspected by them and with what results.

40. It has been said above and it is worth reiterating that the accounts submitted by the different camps were inadequate inasmuch as they do not show what moneys were received from the Regional Camp Committees. They only show the expenditure claimed to have been incurred by them. In cases where the grants received were not adequate to meet the expenditure, it is not shown how the difference between the expenditure and income was met. Unfortunately, the primary accounts were not properly checked and scrutinised by trained or qualified Accountants and as has been said above, the certificates given by the *personae designatae* were wholly insufficient. In the opinion of the Commission, this was not a satisfactory mode of scrutinising the accounts.

41. The Ministry paid organisational expenses at the rate of 13 paise per camper day for the Central Organisation and 12 paise per camper day for the Regional Organisations. These moneys are not shown to have been utilised for appointing proper inspecting staff nor was any provision made for proper inspection by the organisers who had been appointed by the Regional Camp Committees. At least, no proper reports have been produced before this Commission.

42. It may also be mentioned that it was only the Bharat Sevak Samaj which was paid

organisational expenses for the Central and Regional Organisations; the Central Organisation was paid Rs. 7,03,959.75 and the Regional Organisations Rs. 4,64,907.17. This was up to the year 1961-62. Besides this there is a claim by the Samaj pending for Rs. 1.98 lacs.

43. As far as the Commission has been able to see in practice the work of organisation, both by the Central as well as by the Regions, consisted of distribution of grants, keeping and having the accounts audited by the Central Organisation and submitting them to the Ministry. The Samaj was asked to definite question to submit a list of persons employed on these organisations. Their reply was that the Commission had got the ledgers and could look for them itself from the ledgers. But even that would not specify the function each one of the persons so employed was performing or did perform.

44. The tour particulars produced by the Samaj show that the persons employed under this scheme by the Central and Regional Organisations were more interested in the propaganda for and in the furtherance of the interests of the Samaj and raising its membership than in ensuring the success of the Labour and Social Service Camps or in inspecting them.

45. The documents show that up to the year 1964-65 the Regional Camp Committees had received a sum amounting to Rs. 3,22,376.08 from the Central Samaj which had not been expended or accounted for. And no efforts had been made to recover the same. Further, from out of the grants the Central Samaj had not paid to the Regional Camp Committees sums amounting to Rs. 4,34,294.61. These two sums must therefore be held to be unutilised.

46. Two Committees were appointed by the Ministry of Education—one under Dr. Hirday Nath Kunzru, M.P. and the other under Mr. Ashok Mehta, M.P. The former was appointed in 1959 to enquire into the schemes relating to physical education and youth welfare and had as its members very eminent people, who were Members of Parliament or Secretaries in the Central Government or educationist of note and the latter was appointed in 1962 to examine the scheme of Labour and Social Service Camps. It consisted of two important members of the

Bharat Sevak Samaj, one representative of the Planning Commission, one of the Ministry of Education and another of the Ministry of Community Development. What offices they held is not clear from the report. The former gave its report in December 1963 and the latter in February 1963. It may be pointed out that Mr. Ashoka Mehta was a member of both the committees and is a signatory to both the reports.

47. The recommendation of the Kunzru Committee was that outside agencies must be excluded from managing the Labour and Social Service Camps the holding of which should be entrusted to educational institutions. The Ashoka Mehta Committee found that the scheme had proved useful in meeting the gaps in the educational programme of our youth and needs to be promoted and expanded more effectively. But they also held that the camps should be organised either by the educational institutions themselves or by voluntary organisations with the requisite experience. They even said that voluntary organisations with their valuable built-in experience had done good work in the past and they should be encouraged to spread the movement far and wide.

48. It is difficult for this Commission to adjudicate on the findings of either of the two committees or to reconcile them. It will be both impolitic and unnecessary but this Commission would like to emphasise that no objective test has been suggested either by the Government or by the Samaj by which the success or otherwise of this movement could or can be tested and on the evidence before the Commission it is unable to say whether the movement has done any good to the student community because the evidence is wholly insufficient for the purpose and is scrappy if not existent.

49. Grants were received by the Bharat Sevak Samaj from State Governments also for the camps and contributions were also raised from local people but the evidence shows that there was no proper machinery to see proper accounting of all the receipts in the camps' accounts and the State Government grants have not been accounted for in full. For the local contributions the records of the individual camps have not been produced before this Commission.

49A. The evidence produced is not sufficient for the Commission to be able to give a finding as to the age, qualification and quality of a majority of the boys & girls who were recruited for the camps nor the qualifications of the organisers who organised them. As has been said above, there is no material to show that the staff appointed by the Regional Committees was qualified to keep a proper control or to properly inspect the camps held in different parts of the country. But there is some evidence to show that boys, who were underage or were non-youths, were also recruited. (See para 5.429).

Lok Karya Kshetras (Rural)

50. For the Lok Karya Kshetras in the Rural Sector substantial grants were given during the period from 1958-59 to 1966-67 which amounted to Rs. 45,00,170.00. The scheme was started in order to provide two or three paid workers in the selected areas who were to mobilise public cooperation for the successful implementation of the schemes and programmes of the Community Development Blocks and of the Government. These workers were to act as "catalytic agents" for the successful implementation of the Plan programmes but the State Governments or the Community Development Blocks were not even informed of the opening of these Lok Karya Kshetras or about their functioning and the Lok Karya Kshetra workers functioned in complete isolation. Instead of mobilising public cooperation, the Samaj itself started a few Balwadis, craft centres in the Lok Karya Kshetra areas and the salaries of the teachers employed therein were debited to the Lok Karya Kshetras in total violation of the conditions of the grant and against the spirit of the entire scheme.

51. The Planning Commission exercised very little control over the functioning of the Lok Karya Kshetras. All that they did was to release the grants and they did not even know where the Kshetras were opened, when they were opened and who were working in the Kshetras. They got an audited account of the grant and a general combined report for the whole country giving a general review of the scheme. Even the report of the individual Kshetras, which alone could have enabled the Planning Commission to

find out what was being done in each Kshetra, was never obtained and the general report sent by the Bharat Sevak Samaj was wholly inadequate to enable the Planning Commission to know the progress of the scheme or its utility.

52. The Planning Commission did not have any machinery for inspecting the Lok Karya Kshetras and during the entire period of 8 years during which the scheme functioned, not even a single Lok Karya Kshetra was visited by any official of the Planning Commission.

53. The Bharat Sevak Samaj also did not have any effective machinery for inspection and control of the Lok Karya Kshetras even though they claimed grants for organisational expenses totalling Rs. 4,01,634.03. The reports of the few inspections carried out, which have been produced before this Commission, show some of the irregularities in the functioning of the Lok Karya Kshetras, e.g. workers being paid salaries even though the Kshetras were not functioning and misuse of equipment, furniture etc. purchased from out of the Lok Karya Kshetra funds.

54. The approved pattern provided for the payment of organisational expenses for the Central Samaj at Rs. 150.00 per Kshetra, per annum and Rs. 150.00 per Kshetra per annum for the State organisation but the Planning Commission allowed Rs. 2,08,013.93 in excess of the approved pattern for organisational expenses from 1958-59 to 1965-66. For the year 1966-67 the Samaj appears to have claimed excess grants for the organisational expenses but the accounts for the year have not been settled and are under scrutiny of the Government of India.

55. Even though the grants have been finalised upto the year 1965-66, the Samaj has not remitted to the respective Kshetras the full grant due to them; Rs. 71,488.04 has not been remitted to these Kshetras. Grants to this extent cannot therefore be said to have been utilised for the purpose for which they were given.

56. It is claimed by the Samaj *vide* its accounts submitted to the Ministry that the Kshetras had spent a sum of Rs. 4,14,964.75 in 1966-67 upto March 31, 1967. The Ministry had released only the first instalment of

Rs. 2,37,500.00 for the year 1966-67 and no further instalments were released. There is no proof on the record as to where the moneys alleged to have been spent by the Kshetras came from or whether they are only liabilities. Unless the accounts are scrutinised by the Ministry and passed and it is also shown that Rs. 4,14,964.75 were actually spent and were not mere liabilities, and it is also shown where the money came from it is not possible to give a finding as to their utilisation.

57. The accounts rendered by the Bharat Sevak Samaj to the Planning Commission were not complete but were only partial accounts showing what was received by the Central Bharat Sevak Samaj and what was spent at the Central level and by the different Kshetras. It did not show the amount remitted by the Central Samaj to the different Kshetras and the amounts received by them. The accounts of the individual Kshetras have been produced for only three years, i.e. 1964-65, 1965-66 and 1966-67 and they show differences between what is shown in the accounts of the Central Bharat Sevak Samaj rendered to the Planning Commission.

58. The accounts of the individual Kshetras for the three years also show that the Kshetras have not accounted for amounts sent by the Central Samaj in full.

59. The Bharat Sevak Samaj have not produced the records of the individual Kshetras nor have they produced all the records of the Central Bharat Sevak Samaj relating to the inspection of the Kshetras.

60. The Planning Commission had no regular inspectorial machinery excepting two Evaluation Teams which went into the working of the Lok Karya Kshetras and the Schemes. The two Evaluation Teams found many defects in the working of the scheme like non-coordination between the Lok Karya Kshetras and Community Development Blocks, inexperience and unsuitability of the workers employed opening of Lok Karya Kshetras in the areas of influence of political leaders and Ministers etc. The second Evaluation Team wanted the role of the Lok Karya Kshetras to be specified more clearly.

61. The available records shows that many of the Kshetras were allotted to Ministers and important politicians or leaders of the

Bharat Sevak Samaj and it was not unusual for the workers and funds of the Kshetras in some cases to be used to promote the political interests of the Convenor or of the Sahyogi who was working in the Kshetra. There were also some cases where the workers used the Lok Karya Kshetra offices for their political purposes like fighting elections.

62. The workers in the Lok Karya Kshetras were required to function as "catalytic agents" for development work and were to mobilise public cooperation and all these tasks would normally have required persons of high calibre. But the evidence shows that persons of rather ordinary and even low educational status with little, if any, aptitude for social work were appointed for reasons which may be called extraneous. In some cases, persons with political ambitions were appointed as Sahyogis and they used Lok Karya Kshetras as a mere stepping stone to further their political interests and spheres of influence. The Lok Karya Kshetras were in some places either reduced to an instrument for giving employment to a few associates or relatives of the Convenors or means for furthering the political ambitions of individuals. There is no evidence of any effective work done in most of the Lok Karya Kshetras.

63. In the reports on the Lok Karya Kshetras submitted to Government a number of achievements were claimed but there was no machinery to check the facts reported and the few reports of inspection and reports of the Programme Evaluation Organisation Teams show that the reports were exaggerated and the achievements of other organisations and agencies were very often claimed as the achievements of the Lok Karya Kshetras. Neither the Government nor the Bharat Sevak Samaj had any machinery to verify these claims.

64. In the absence of an objective test the work of these Lok Karya Kshetras cannot now be properly checked and claims raised by the Samaj can neither be verified nor assessed.

65. The Commission has been handicapped in finding out the utilisation of the grants for the Rural Lok Karya Kshetras. Because

of the non-production of the records of the individual Kshetras by the Bharat Sevak Samaj, it has not been possible to find out who and what the Sahyogis were and when the Kshetras were actually opened and where they were functioning. The Planning Commission's control was so slender that they have not been able to supply information about the number of Kshetras functioning from time to time or about the places where they were functioning. A verification of the claims made of the achievements of the Kshetras is also not possible because the details given are so meagre that even the identification of the works is not possible but the reports of the inspectors of the Bharat Sevak Samaj and of the Programme Evaluation Organisation show that the reports about the achievements were mostly exaggerated. There is precious little evidence of the mobilisation of public cooperation. At least no lasting results have been brought to the notice of the Commission.

Lok Karya Kshetras (Urban)

66. There was also a scheme of Lok Karya Kshetras (Urban) which was started at the instance of the Bharat Sevak Samaj. For this scheme grants given amounted to a total of Rs. 21,41,481.00 during 1957-58 to 1966-67. The object of the scheme was to have two or three paid workers in the slum area who were to mobilise public cooperation for slum improvement work, to promote self-help among the slum dwellers and to educate them to avail themselves of the facilities made available by the Municipalities and Corporations in a better way.

67. The Bharat Sevak Samaj, however, instead of mobilising any public cooperation, used grants mainly for starting some balwadis and craft classes and for running a few activities from out of the Lok Karya Kshetra funds and the mobilisation part of the scheme was completely lost sight of. The result was that no voluntary effort from the local people has been proved to have been generated but instead the grants were used for salaries of teachers, and craft inspectors. As soon as the grants were discontinued for the scheme, a majority of these institutions collapsed. The exceptions were largely in Bombay and Kerala. There is no proof showing the identity of persons running them.

68. There was no control of the Planning Commission on the working of these Kshetras. There was no verification of the claims of achievements of the Kshetras and all that the Planning Commission did was to give or release the grants, get the audited accounts and get a report of the working of the scheme for the year. These reports in most of the years were merely a review of the scheme as a whole and no details were given of what was being done in the different Kshetras or of the persons who were employed or what they had achieved.

69. Even though the Bharat Sevak Samaj were paid organisational expenses for this scheme also, there is no evidence of much control or supervision by the Samaj. Only very few reports of inspections have been produced and these reports are not very complimentary to the Samaj.

Welfare Extension Projects

70. Grants were given for the Welfare Extension Projects from 1958-59 to 1966-67. The amount paid for this scheme was Rs. 10,45,127.78. The scheme envisaged the Samaj employing some community organisers and social service organisers and also taking up specific activities like Balwadis, craft centres, adult education classes etc. This shows that there was little difference between the two schemes, the Lok Karyā Kshetras (Urban) and this scheme.

71. The major activities taken up by these Welfare Extension Projects were two, i.e. running of Balwadis and Women's Craft Centres and the inspection by the State Social Welfare Board inspectors showed that the majority of them were not functioning properly but still the grants were continued to be given. There were irregularities in the accounts e.g. not keeping proper accounts of the fees collected or not having proper account-books. In many cases, high fees were charged from these who should have been benefitted. It made the institutions in many cases inaccessible to the slum dwellers and the poor people for whose benefits these projects were started.

Family Planning Centres

72. From the year 1957-58 to 1966-67 grants were given for the 37 family planning centres and the total grants paid amounted to

Rs. 8,72,652/-. The records do not show how the Bharat Sevak Samaj, which was not a body of medically trained persons and had no background of medical service or family planning promotion was chosen for this work. Very little control was exercised by the Ministry of Health and there are reports of inspection only in respect of six clinics over a period of nine years during which grants were given and these reports show the unsatisfactory functioning of the clinics.

73. The reports which the clinics submitted every half year also showed that in many clinics either no work or very little work was done towards the promotion of family planning. The reports also show that only very few people visited the clinics but still grants were continued from year to year. There were instances where the clinics were used for residential purposes by the doctors in-charge and also of the clinics being attached to private dispensaries or clinic in violation of the conditions of the grant.

Family Planning Orientation Camps

74. From 1962-63 to 1965-66 grants amounting to Rs. 12,74,912.58 were given for the Family Planning Orientation Training Camps. None of the camps held by the Bharat Sevak Samaj was inspected by any officer of the Department of Family Planning and there is very little evidence of any control by the Department. The Ministry did not take any interest in the scheme except of releasing grants, getting audited statements for the same and getting reports which in many cases were incomplete.

75. The Bharat Sevak Samaj were paid organisational expenses and the expenditure on account of the Family Planning Orientation Camps, which for four years amounted to Rs. 2,50,523.61 ; but there is no evidence of any inspection conducted by any Central or State Bharat Sevak Samaj officer of any of the camps. No reports of the inspection have been produced before this Commission.

76. The Bharat Sevak Samaj did not render to the Ministry any accounts of the organisational expenses received for the Family Planning Camps but still the grants on account of this were admitted. The Samaj was called upon by this Commission to produce the accounts and pursuant to that order it

did produce the audited Receipt & Payment accounts which show that upto 1964-65 the Samaj was given grants for organisational expenses in excess of the admissible grants and the excess amounted to Rs. 1,70,175.68.

77. In the organisational expenses the Samaj included expenses for the Coordinator-cum-Accounts Officer amounting to Rs. 93,639.40 even though no Coordinator-cum-Accounts Officers were separately employed by the Bharat Sevak Samaj.

78. The records of the individual camps have not been produced by the Bharat Sevak Samaj and, therefore, the Commission has not been able to verify the factum of the holding of the camps. The Ministry also did not appear to have conducted any verification. But the evidence shows that in some cases grants were claimed for camps which were actually not held.

79. The Commission has no material on which it can decide as to how successful the camps were in achieving the objectives for which they were held viz. to popularise family planning. The criteria laid down by the Minister before sanctioning the scheme was the number of persons seeking advice for family planning and taking contraceptives from the clinics in the area and the number of sterilisation operations. But no data relating to this information was obtained from the State Governments. There is no evidence to show that individual camps were inspected by State Government officials.

80. The machinery for supervision and inspection devised by the Government was so defective that in the years 1962-63 and 1963-64 the Government asked the Municipal Health Officer, Delhi, to countersign the accounts of the camps held all over the country and the accounts were accepted on the basis of the countersignature of the Municipal Health Officer, who never knew and could know nothing of the holding of the camps or about the correctness of the amounts spent. Countersignatures of the local officers which were meant to certify the holding of the camps and their expenditure thus became an utter farce.

Tools and Plants

81. In March 1957 a grant of Rs. 4,80,000/- was given to the Bharat Sevak Samaj at the insistence of the Planning Commission vice

Chairman for the purchase of tools and equipments stated to be required for the Labour & Social Service Camps and other *shramdan* works of the Samaj entrusted with this work because the matter was considered very urgent and the Department of Community Development who were approached, wanted more time to purchase the tools. But the Samaj which was chosen specially to complete the purchase expeditiously did not even place any orders for nine months and even after 14 months they had spent only Rs. 61,000/- out of the grants and they were asked to refund Rs. 2,65,000/- after objections were raised by the Finance Minister himself.

82. Even though the tools and equipments were made out to be urgently required for the holding of camps and for *shramdan* work very little use was made of those tools and equipments. The reports about the use made were received from very few agencies among whom they were distributed. Even small items like hurricane lanterns and pick axes were purchased at Delhi or Calcutta and they were sent to the remote corners of the country spending considerable sums on railway freight.

Night Shelters

83. The Central Social Welfare Board gave grants to the Bharat Sevak Samaj totalling Rs. 4,38,687.34 for starting night shelters for pavement dwellers who could not afford a shelter at night. The Samaj in many cases perverted the user of these shelters by running them as cheap lodging houses which were used by students, government servants and in some cases by fairly well-paid persons like the Principals of colleges. The object of the scheme was thus entirely defeated and the places chosen by the Bharat Sevak Samaj and the efficiency with which they worked could not attract many pavement dwellers. In a majority of the places the shelters were a total failure and they could hardly attract two or three inmates.

Voluntary Workers

84. It has been one of the claims of the Bharat Sevak Samaj that it had a band of voluntary workers, but the Government had to give grants out of which they were paid

what was termed honorarium. Besides the Government had to give grants for "training centres". For this purpose the amount of grant for the years 1958-59 to 1966-67 was a sum of Rs. 6,44,737.00 for the running of two training centres. Thus, not only had the Government to pay for the workers whom the Bharat Sevak Samaj employed for different schemes, the Government had also to give grants for training those workers who in many cases were just raw freshers. The Samaj did not keep any proper record showing how the persons trained were used in the different schemes or whether they were used at all.

Training for Construction Service

85. Even for the training of workers to be employed in the Construction Service of the Bharat Sevak Samaj the Government gave grants amounting to Rs. 3,37,080.00. This is an indirect subsidy for a commercial activity undertaken by the Bharat Sevak Samaj. The Bharat Sevak Samaj has not produced the records relating to these training centres.

National Consumer Service

86. Grants were given from 1963-64 to 1966-67 totalling Rs. 72,194.54 for another scheme of the Samaj, the National Consumer Service started by the Bharat Sevak Samaj, which was envisaged as an agency for the collection of price intelligence which would be independent of Government agencies. Even though grants were given for four years, only for a few months price intelligence of some sort was collected by persons engaged by the Samaj whose educational status in many cases was not upto much and the utility of this intelligence can be judged by the little use made of this price intelligence, so collected.

87. The Bharat Sevak Samaj were given grants for a number of other small schemes and the utilisation of those grants has been discussed in the earlier chapters.

88. A part of the grant given for the different schemes was used by the Bharat Sevak Samaj for purchasing furniture and other assets. The Government assistance for these schemes stopped in the year 1966-67. The total expenditure incurred on the acquisition

of these assets under the different schemes was Rs. 16,38,436.89. Though the schemes were stopped in 1966-67, even up to this date the various Ministries have not issued any instructions as to how these assets should be utilised. The Central Bharat Sevak Samaj also has no precise information about the persons with whom these assets were lying or the manner in which they were being used. They have merely stated that they should be lying "in the places where the activities were functioning".

89. For every scheme for which Government assistance was given, the Bharat Sevak Samaj claimed and was given organisational expenses. In some it was for organisational expenses at the Centre and in the others it was both at the Centre and in the States or regions. From 1953-54 to 1966-67 organisational expenses claimed under the different schemes amount to Rs. 18,06,272.91.

90. Even though under the terms of the grants for the different schemes the grants were to be used for the purpose of those schemes only and the persons employed were for the purposes of those specific schemes, it has been noticed that the Samaj did not conform to this injunction; and the organisation of the Bharat Sevak Samaj was being run mostly out of the grants given for specific schemes. The State Units apart from the grants given to them from out of the Central grants, also received grants from the State Governments which from 1954-55 to 1968-69 amounting to Rs. 86,03,099.76. Not only the services of the personnel appointed under individual schemes were being used by the Bharat Sevak Samaj for all its activities, the rent-free accommodation given by the Government and the facility of the office organisation available under the different schemes were also freely used by the Samaj for building up its organisation and propagating its own achievements.

91. During the period between 1953-54 to 1966-67 the amount spent by the Bharat Sevak Samaj on its organisation from out of its own funds was only Rs. 7,49,123.93. The Bharat Sevak Samaj had during this period a net work of activities and units spread over the country in the various districts and even in the villages and this vast machinery was mainly maintained out of the grants and assistance given by the Government.

Grants given for 30 schemes

92. From 1953-54 to 1966-67 the various Ministries of the Government of India gave to the Bharat Sevak Samaj grants amounting to Rs. 2,93,55,275.44 for 30 schemes. Out of this amount the various Ministries have issued utilization certificates or finalised the accounts for Rs. 2,46,25,595.48. The Bharat Sevak Samaj has refunded Rs. 17,19,535.99 in cash. For the balance Rs. 30,10,143.97 accounts have either yet to be submitted or have yet to be finalised. The Bharat Sevak Samaj is reported to have submitted accounts for Rs. 23,90,185.66 but these accounts are stated to be under the scrutiny of the Ministries. The grant admissible under these accounts can only be determined when the Ministries finalise the accounts. It must be mentioned that the grants to the Bharat Sevak Samaj were released for the last time in 1966-67 and even after 7 years, accounts of these grants have not been finalised. The reason for this is stated to be either the non-furnishing by the Samaj of some essential particulars about the utilisation or the non-fulfilment of some conditions attached to the grants. In either case, it is no credit either to the Bharat Sevak Samaj or to the Ministries that even after the lapse of such a long time the accounts have not been finalised and the matters settled.

93. The Commission has found that for grants amounting to Rs. 6,19,958.31 the Samaj has not rendered accounts and the Ministries have not been able to recover the same from the Samaj even after the lapse of more than six years from the date of stoppage of grants. The records do not show that the Ministries of the Government of India took any precaution to ensure the recovery of outstanding moneys from the Samaj.

94. In the accounts submitted by the Bharat Sevak Samaj for different schemes, liabilities were also included and the Ministries worked out the admissible grants on the basis of expenditure including those liabilities. The Samaj did not follow a uniform practice in the preparation of accounts. The accounts submitted by them were in some cases Receipt and Expenditure accounts and in other they were a mere statement of the expenditure. No uniform practice was adopted or insisted upon by the Ministries. Even the Balance-Sheets were not submitted along with

the accounts which alone would have shown the position of liabilities at the end of different years. The result is that the Ministries issued Utilisation certificates for amounts including liabilities and left it to the sweet will of the Samaj to meet or not to meet these liabilities. The result is that not only were the accounts submitted by the Samaj incomplete, the grants also were admitted including liabilities without the Ministries satisfying themselves about the discharge of the liabilities and thus without the full amount being proved to have been expended.

95. On March 31, 1967 the uncleared liabilities for 8 schemes given in the table attached here to and which have been prepared from the accounts of the Samaj before the Commission, amounted to Rs. 14,78,570.99. But even this figure cannot be said to be a complete and correct representation of the correct state of affairs because the Samaj never drew up regular Balance-Sheets for the different years and therefore there is no means of verifying whether the balances were correctly carried forward from year to year.

96. It has already been mentioned that the Samaj utilised the services of the persons employed under and for individual schemes for other activities of the Bharat Sevak Samaj, which in many cases included the promoting, supervising and executing the construction activities and other commercial activities of the Bharat Sevak Samaj or help in the popularisation of the Samaj itself.

Local Development Works

97. Another scheme for which the Planning Commission gave assistance to the Bharat Sevak Samaj was the programme of Local Development Works. The assistance for the scheme given by the Government of India alone and its extent was upto 50 per cent of the cost. The procedure in the beginning was that the schemes were sent to the Planning Commission by the Central Bharat Sevak Samaj and were approved for sanction by the Planning Commission. The State Governments were asked to nominate Liaison Officers who were to satisfy themselves about the completion of the works and then to disburse the grants to the Bharat Sevak Samaj Units. The Bharat Sevak Samaj was required to raise the contributions either in kind or cash

for an amount not less than 50 per cent of the cost of the works subject to certain limits. Generally the Collectors of the different districts were nominated as Liaison Officers. In the later years, certain schemes were not got approved by the Planning Commission but funds were placed at the disposal of the State Governments who disbursed the grants on the same basis as mentioned above. In either case, grants came from the Government of India.

98. The Planning Commission has not been able to supply to this Commission information about the grants paid under this scheme to the Bharat Sevak Samaj due to the records connected therewith having been destroyed. But in the annual reports of the Bharat Sevak Samaj for the years 1953-54, 1955 to 1957 and 1959 the number of schemes sanctioned, the total cost of the Local Development Works and the grants sanctioned by the Planning Commission are given. Unfortunately for the other years there is no mention in the reports about these grants for Local Development Works. However, the Commission has been able to collect some information about these grants given in the State of Gujarat from 1954-55 to 1964-65. The Commission has also been able to get the total amounts of grants received by the Rajasthan Pradesh Bharat Sevak Samaj from the years 1955-56 to 1958-59. The Planning Commission has also made available the files connected with grants given for some local development works in the year 1962 and from the available records the Commission has been able to collect information for some years which show that 1,426 local development works were sanctioned the total cost of which was Rs. 1,64,63,006.00 and grants paid therefore amounted to Rs. 71,37,855/-. The Samaj was asked to produce the accounts of these Local Development Works but they have not produced any accounts. The Commission when it visited the different States also tried to get the accounts but no accounts were produced by the different units of the Bharat Sevak Samaj. The Commission also finds that the Collectors did not obtain any accounts but actually released the grants on the basis of measurements taken by revenue authorities but these measurements did not and cannot show the amount of grants received for the different works, the local contributions received from the beneficiaries of

the local people and the total expenditure. Thus, the position comes to this that the Samaj had no accounts for the Local Development Works and the information about the total grants paid for the Local Development Works and the local contributions that were raised is not complete as the relevant files of the Planning Commission have not been produced before this Commission. Besides no accounts of these works have been produced.

Free accommodation for the Central Samaj

99. From its very inception the Bharat Sevak Samaj was allotted Government accommodation for its office and for the residences of some of its office bearers and workers in Delhi. In the beginning only a nominal rent of Re. 1/- per month was charged for the premises but in the year 1954 the Planning Minister, Mr. G. L. Nanda, wanted the Bharat Sevak Samaj to be given rent-free accommodation describing the Samaj as a limb of the Planning Commission and consequently it was so treated for the purpose of allotment of accommodation with effect from April 1954. For no other purpose, however, was the Bharat Sevak Samaj treated as a limb of the Government. It may be remarked that the Government had no control over the activities of the Samaj except that it received accounts of the grants given by the Ministries but no other accounts.

100. The Samaj has claimed that it was a non-official and non-political organisation and it was given assistance to promote non-official effort for working the Five Year Plans and if it was such a limb then all these grants and assistance given to the Bharat Sevak Samaj must be taken to have been given by the Planning Commission to itself and not to a non-official and non-political body. Further the Samaj carried out its activities with the help of large grants given by the Government of India, which also helped it by concessions and loans and equipment.

101. The Bharat Sevak Samaj were allotted 13 different buildings by the Director of Estates in different parts of Delhi for its various activities. These included office accommodation in the heart of the city at no rent.

A portion of this accommodation was even given on rent to some of the units of the Bharat Sevak Samaj, financed out of Government of India grants. Apart from office accommodation, the Samaj was also given residential accommodation for some of its workers at very nominal rent and some of these residences were requisitioned flats.

102. The Commission is of the opinion that the use of the power of requisitioning for providing accommodation to officers or servants of the Bharat Sevak Samaj was not a proper use of the powers of requisitioning. There was a further misuser by the Samaj in as much as it allowed these premises to be used by the Bharat Sevak Samaj for residential purposes by persons who were not even in the service of the Samaj. Some of the permanent servants of the Bharat Sevak Samaj designated as its workers got Government accommodation on the ground that they were workers of the Bharat Sevak Samaj and were doing voluntary services.

102A. In the opinion of the Commission it was a graver misuse of the powers of eminent domain to allow requisitioned premises to be passed on by the Bharat Sevak Samaj to the Bharat Sadhu Samaj. And it was still graver misuse when the Bharat and the Sadhu Samajes compelled the Estate Office not to derequisition the premises for such a long period of time.

103. The Commission also finds that two Community Halls built by the Government for the welfare of the Government servants residing at Kidwai Nagar and Sarojini Nagar were allotted to the Bharat Sevak Samaj for its use and the Government servants for whose benefit these buildings were constructed, were denied the use of the same and the Bharat Sevak Samaj collected rent from other parties who made use of the same and also from other organisations which were housed in those buildings.

104. In spite of serious complaints about charging of high rent the Samaj was allowed to continue the use of the buildings and the buildings still continue to be with them. The Samaj used these buildings for raising resources for its own organisation. The activities run by the Samaj in those buildings e.g. the Nursery Schools or craft classes were activities for which fees were charged. The

Samaj appears to have allowed the possession of the building at Kidwai Nagar to pass in the hands of another society which was in violation of the terms and conditions of the allotment.

105. It does appear to be an unfortunate result of this allotment to the Bharat Sevak Samaj that when Government had inadequate accommodation for its own offices and officers, it was providing accommodation to the Samaj either free or at concessional rates and for such a long period of time.

106. As a result of the criticism by the Public Accounts Committee, Government issued orders withdrawing the concessions about accommodation to the Bharat Sevak Samaj with effect from July 1, 1965 but the Samaj has not paid any rent for the accommodation in its possession and still continues to remain in occupation of those premises. The arrears of rent which had accumulated up to November 30, 1972 amounted to Rs. 3,57,496.33. There is no evidence as to what the Government proposes to do about this amount.

107. If the Government charged the usual rent from the Bharat Sevak Samaj, the rent recoverable for the period for which rent-free accommodation was given would have amounted to Rs. 11,40,055.89. This is an indirect assistance and subsidy to the Bharat Sevak Samaj from the Government of India calculated up to June 30, 1965.

108. The office accommodation given to the Samaj was used by the Bharat Sevak Samaj also for its commercial activities like the Construction Service and the brick kilns but no rent was recovered from the Bharat Sevak Samaj for that portion which was used for construction activities up to June 30, 1965.

Aims and Objects of the Bharat Sevak Samaj

109. The aims and objects of the Bharat Sevak Samaj under its Memorandum of Association are as follows:—

- (i) To find and develop avenues of voluntary service for the citizens of India—
 - (a) to promote national sufficiency and build up the economic strength of the country, (b) to promote the social wellbeing of the community and to mitigate the privations and hardships of its less favoured sections.

- (ii) To draw out the available unused time, energy and other resources of the people and direct them into various fields of social and economic activity.
- (iii) To take all steps which are necessary for the fulfilment of the aforesaid objects.

Commercial activities

110. *Construction Service.*—Despite these aims and objects not authorising the taking up of commercial activities for profit, the Samaj from the year 1954 took up construction contracts for execution starting with the embankment works in Kosi River Valley Project in Bihar. The initiative for this activity was that of Mr. G. L. Nanda, who was at that time the Union Minister in charge of Planning, Irrigation and Power.

111. The purpose of starting this activity was stated to be to mobilise public co-operation but the Samaj instead of merely mobilising public co-operation itself took up construction contracts. Later on their construction activities extended to Rajasthan, Andhra Pradesh and Delhi.

112. In 1958 a separate Construction Service was organised with a separate constitution. But this Construction Service was not registered as a separate society and it is doubtful if they would have been covered by the preamble of the Societies Registration Act of 1860.

113. In the year 1968 this activity was registered as a separate company under the Companies Act.

114. Neither the Government of India nor the various State Governments which gave contracts to the Bharat Sevak Samaj appear to have examined the legal competence of the Bharat Sevak Samaj to enter into construction contracts. In the Kosi Project, the Bharat Sevak Samaj was inducted at the instance of Mr. G. L. Nanda, the Union Minister for Planning, Irrigation and Power, at that time and later on other works were given on the basis of their performance in Kosi. The Samaj when it started its contracts possessed neither the machinery nor the expertise to take up construction contracts but still they were entrusted with these contracts and at no

stage was the competence of the Samaj to take up construction works tested as is done in the case of other contractors.

115. The advantages claimed for the participation of the Samaj in construction programmes more particularly in the case of the Kosi Project included :—

- (i) Giving of employment not only to landless labourers but also to the agriculturists;
- (ii) the execution of work at cheaper rates due to elimination of the middleman's profit;
- (iii) elimination of graft and other corrupt practices;
- (iv) creation of a feeling of national pride among the labour and a sense of participation;
- (v) Achievement of better targets as compared to the contractors who were not fully equipped;
- (vi) considerable savings to the public exchequer;
- (vii) utilisation of the profits earned by the Bharat Sevak Samaj for social welfare activities and consequent reduction of the burden on the Government to provide social welfare measures;
- (viii) as the Bharat Sevak Samaj was a public agency, this method of work, accounts, etc. were open and available for close scrutiny by the officials;
- (ix) Promotion of honest dealings in the working of the construction industry; and
- (x) Provision of better and more amenities to the labour.

116. On the basis of the claim of these advantages, the Ministry of Irrigation & Power and the Planning Commission took the initiative to have various concessions extended to the Bharat Sevak Samaj for its construction activities. These were—

- (i) Preference was given to the Bharat Sevak Samaj in the matter of allotment of contracts. Works were to be allotted in some cases without calling for tenders and in other cases at negotiated rates and in some cases certain

weightages were given to the Bharat Sevak Samaj. In the beginning, certain limits were imposed for allotting of works to the Bharat Sevak Samaj but these limits were observed more in the breach. In no case, however, was the previous construction experience or the organisational set up of the Samaj subjected to a scrutiny before allotting the works to the Bharat Sevak Samaj.

- (ii) Giving initial advances to the Bharat Sevak Samaj to be recovered according to certain set formula.
- (iii) No earnest money or security deposit was to be taken.
- (iv) Grants totalling Rs. 3,37,080.00 for setting up training centres for staff employed by the Bharat Sevak Samaj in the construction units were sanctioned.
- (v) Loans totalling Rs. 45.80 lacs were sanctioned by the Government of India to the Central Construction Service and loans totalling Rs. 36.50 lacs were sanctioned by the Planning Commission to the various State units of the Bharat Sevak Samaj through the State Governments. Apart from these the Samaj was also given rent-free accommodation for its office, a part of which was used for construction activities. The officers of the Planning Commission more particularly the Director of Construction Service and the Director of Public Co-operation were not only doing day to day supervision of the Construction Service and were also members of the Managing Committee of the Central Construction Service but were also using the power and prestige of the Planning Commission to have decisions made in favour of the Bharat Sevak Samaj in various construction contracts. The Government also lent services of some of its senior engineers to the Bharat Sevak Samaj for its construction activities.

117. Apart from these concessions and advantages, there was exemption from income-tax which if translated into monetary terms would have amounted to a very consider-

able amount, as a matter of fact quite a few lacs. While allotting the different works to the Bharat Sevak Samaj, the monetary equivalent of these concessions was not taken into account. In view of this the claim of savings to the exchequer becomes considerably weakened. These claims were even incorporated in the Five Year Plan documents.

118. The loans given by the Central Government direct to the Bharat Sevak Samaj amounted to Rs. 45.80 lacs (Table 18-A); the Samaj has repaid the principal and interest but the last instalment was paid only as late as on August 4, 1972. The exact figures for the initial advances sanctioned by the Ministry of Works, Housing and Supply are not available for all the works entrusted to the Bharat Sevak Samaj but the figures made available for 34 works show that for those works advances totalling Rs. 28,49,926.00 were paid and these have been recovered from the Bharat Sevak Samaj.

119. As regards the loans given through the State Governments amounting to Rs. 36,50,000.00 (Table 47-B); the Samaj has not repaid the balance of principal amounting to Rs. 23,84,968.74 and the interest on the principal is also due for various periods.

120. Complete information has not been made available about the advances given by the State Governments to the Bharat Sevak Samaj for the different works, which advances were the result of directions issued by the Planning Commission, but from the available information it appears that the Samaj is yet to pay back initial advances totalling Rs. 23,32,632.02 (Table 47-B).

121. The records of the State Governments do not show that there are sufficient assets to pay these amounts outstanding against the Bharat Sevak Samaj. The only assets available are the machinery and equipments purchased out of the loans and which were hypothecated but after so many years of use, these assets are not of much value except as scrap and virtually there are no securities available for these outstanding loans and advances.

122. Even though in the Consolidated Accounts of the Construction Service as on March 31, 1966, the value of fixed assets has

been shown as Rs. 13,30,935.17, the Commission during its visits to the different States found that most of these assets are only on paper and in many cases even the whereabouts of the assets were not known to the various office-bearers of the Bharat Sevak Samaj. In some cases when the State Governments took over the assets with a view to realise their debts, they found that they could be sold only as scrap.

Commencement of Construction Service :

123. The construction activities of the Bharat Sevak Samaj started in 1954. In the beginning, activities were to be managed by the local units of the places where construction was going on. The Central Construction Service was started only in 1958 but the accounts of the Central Construction Service have been produced before this Commission only from 1961-62.

124. There were 8 units of the Central Construction Service which took up 101 works of the tendered value of Rs. 11,14,11,089.00. The accounts of four of these units have been produced up to the year 1966-67 and for four other units up to 1967-68 and these accounts show the payments received were Rs. 9,70,05,517.09, and there was a net loss of Rs. 74,212.16. All these losses are in spite of various concessions given by the Government which have already been enumerated. See Table 27-A.

125. Immediately after the Chinese aggression in 1962, the Samaj was assigned certain emergency works connected with the improvements of aerodromes and the Samaj made large profits in those emergency contracts. In the Kusmi Aerodrome work at Gorakhpur alone there was a profit of Rs. 37,21,825.82 in the contract of the value of Rs. 1,71,78,967.29. In another aerodrome work at Bidar the Samaj made profits amounting to Rs. 7,31,771.26 in a contract of the value of Rs. 22,06,303.08. In the Bidar Aerodrome the workmanship of the Samaj was found to be of a poor quality because the quantities of bitumen used were insufficient and the method adopted by the Samaj for laying the runway was defective and consequently the aerodrome could not be used for training jet aircrafts for which it was designed and virtually the entire outlay became a waste. But still the Samaj were

paid full contract amounts which shows that the authorities were not careful both in the matter of expenditure of public moneys and in the utility of works executed. This performance was neither a credit to the Bharat Sevak Samaj nor to the M.E.S. authorities.

126. All the profits made in the aerodrome works were wiped out in other construction contracts of Delhi where on works of the value of Rs. 2,94,45,618.56 the Samaj lost as much as Rs. 62,32,197.41. It may be mentioned that disputes about these works are still pending. (See Table 27-A).

127. The information supplied by various Government Departments about the payments made to the Bharat Sevak Samaj shows that as much as Rs. 40,15,591.91 are not accounted for in the accounts produced by the Bharat Sevak Samaj before this Commission. (Para 27.31).

128. As a consequence, the Consolidated Accounts of the Construction Service prepared by the Bharat Sevak Samaj were defective and the first balance sheet prepared for the year ending July 31, 1963 included certain items carried forward from the previous year and the accounts for those years were not produced. There are no details of the expenditure of Rs. 1,16,581.10 shown in the expenses met out of the Central Development Fund in the Profit and Loss accounts for the year ending July 31, 1963.

129. In the Balance-Sheet as on July 31, 1963 profits of previous years have been carried over were Rs. 3,11,620.74 but these are not verified from the accounts as the accounts for the previous years were not produced. The details given by the Samaj show that Rs. 48,104.08 have not been properly accounted for and certain transactions shown between the Construction Service and the Central Development Fund are not properly reconciled and certain assets have been shown both in the Construction Service and Central Development Fund affects away the correctness of the Balance-Sheet of the Construction Service.

Loss in Construction Service

130. Even though the net result of the working of the Construction Service shows a loss, the Samaj either donated or contributed amounts totalling Rs. 13,96,098.29 (Para

27.16) to the different Sections and Units of the Bharat Sevak Samaj or to its sister institutions. Barring two small donations of Rs. 5,101.00 to a college and a gurudwara in Bidar, there are no items of expenditure on any social welfare activities. These donations and contributions were made either for the payment of the salary bills of the office expenses or of some Sections of the Central Bharat Sevak Samaj or for advancing moneys to the Pradesh and District Units which in turn advanced them to individuals from whom no accounts were received in many cases. No contributions are shown to have been made towards any of the Government aided schemes except for some very small amounts. The payments to the Government aided activities were not shown in the accounts of those schemes nor are they shown as contributions; they were only loans. Thus, the primary objective of starting the Construction Service to provide a source of income for the social welfare activities and thereby reducing the burden on the Government for providing funds for those activities, was not achieved.

131. Upto March 19, 1968, amounts totalling Rs. 10,08,233.01 from out of the advances given by the different Units to the piece workers, suppliers and officials of the Bharat Sevak Samaj were written off in the accounts of the Construction Service. The records do not indicate what these advances were given for and the particulars of the amounts written off are also not available. Therefore, it appears that some individuals who either took up sub-contracts from the Bharat Sevak Samaj or who were the workers of the Bharat Sevak Samaj derived financial advantage which was not the object of the Construction Service and was contrary to the professed objectives.

Defective accounts

132. In the Consolidated Balance Sheet as on March 31, 1966, an amount of Rs. 7,28,122.32 was shown under the head "Central-Inter-Unit" representing transactions between different Units of the Central Construction Service. Had the accounts been properly prepared there should not have been an amount under this head. The existence of a large balance indicates that the accounts of the Construction

Service of the Central Bharat Sevak Samaj were not properly kept or prepared.

133. One of the basic objectives of inducting the Bharat Sevak Samaj into the construction activities was to eliminate middleman's profit which the contractors would have made. The evidence shows however that in the Central Construction Service the Bharat Sevak Samaj did not execute a major part of the work themselves and engaged sub-contractors for the execution of works. The Samaj has not produced the contracts made with the sub-contractors except in very few cases. These sub-contractors were variously described as piece workers, group leaders, petty contractors etc. A scrutiny of the available records shows however that they were nothing but sub-contractors and the Samaj did not observe the terms of the contract with the Central Public Works Department and other departments in regard to subletting. Agreements with the sub-contractors were also not produced before the auditing Chartered Accountants and, therefore, they could not verify whether the payments made to the sub-contractors were in accordance with the contracts made with them. Even in cases where contracts were said to have been executed through departmental labour, the Samaj did not actually employ any departmental labour but got the work done through labour Mukaddams to whom they made lump sum payments.

134. The auditing Chartered Accountants said in their reports in many cases that the contractor's labour and the so called departmental labour were working side by side and the necessary records showing the work respectively done by the two were not kept and consequently they could not verify whether the expenditure for the departmental labour was commensurate with the work done.

135. Thus, the claim of the Bharat Sevak Samaj that the middleman's profit was eliminated and that labour benefited by the Samaj entering the field of construction are not made out and are disproved by the very method of working adopted by the Bharat Sevak Samaj and by their employing sub-contractors or labour contractors for the different works.

136. The major expenditure on the various contracts taken up by the Bharat Sevak Samaj was on building materials like cement,

bricks, steel etc. The Samaj has not produced the accounts showing the receipts, issue and consumption of construction material for the works which they executed. The auditing Chartered Accountants have also reported the non-maintenance and non-production of the accounts of construction material during the years. The total expenditure on building material for the different Units of the Central Construction Service for the years for which accounts have been produced amounted to Rs. 6,33,69,123.56 and the fact that no accounts whatsoever of material of such a large value have not been produced considerably detracts from the proper working of the Construction Service and from the correctness of its accounts. The available records also do not show that there was any proper inspection done by the Samaj itself even though the expenditure on building materials went up to crores of rupees. If the Samaj had a machinery, the records relating to its functioning have not been produced. Whatever records were produced before this Commission, and they are very few, they go to show that there were instances of shortages of materials noticed in almost all the works and that matter has been discussed in the relevant chapters by the Commission. The Samaj did not take any action to investigate these shortages or take appropriate measures, at least, no action has been proved.

Loans to the Samaj

137. The loans given to the Bharat Sevak Samaj for the construction activities carried a nominal rate of interest and no securities were taken for these loans except that the machinery and equipments purchased out of the loans was hypothecated to the Government. Even this hypothecation was not done in all cases. Even though the Bharat Sevak Samaj had some landed property, those properties were not taken as security for the loans except in cases of the brick kilns where the land purchased or taken on lease was itself mortgaged to the Government.

138. The loans given had a specific condition of the loans being utilised for the specific purposes of purchase of machinery and equipments or financing the works taken up by the Bharat Sevak Samaj and accounts were also required to be rendered to the Government showing utilisation. The Samaj did not keep

separate accounts of the loans and the loans were merged with their other moneys and they did not restrict the user of the loans only for the specific purposes for which they were given. The loans and advances were used for whatsoever activities, the Samaj had in hand. Further the Samaj did not adhere to the time schedule for the repayment of the loans and even after there were breaches in the repayments, further loans were given to them.

139. The Samaj had no funds of their own for investing in the construction works and practically the whole of the finances required for construction contracts came from out of the loans given by the Government of India and the advances given by the Central and State Governments at the beginning of the work. The entire construction activity of the Bharat Sevak Samaj was financed out of Government funds but still the Government had no control over the manner in which loans were utilised or the method in which the construction service of the Samaj functioned. The Commission has been at a great disadvantage in ascertaining the utilisation of the individual loans and advances given by the Government because the Samaj never kept a separate account of those loans and advances but merged the loans and advances with their other funds and in the utilisation also no distinction was made between the purposes for which the loans and advances were given and the general activities of the Bharat Sevak Samaj.

140. The Samaj as mentioned above was irregular in the repayment of loans and advances and the Government had to take stringent measures like the appropriating of payments due to the Bharat Sevak Samaj for works done and the recovery of the loans, due from the Central Bharat Sevak Samaj together with interest was completed only in August 1972.

Construction activities in the States

141. The construction activities in the States started earlier than those under the Centre and from 1954 a large number of construction contracts were taken up by the different State Units of the Bharat Sevak Samaj. The information made available by the State Governments and the different Units of the

Bharat Sevak Samaj show that 2,122 works of the value of about Rs. 8.50 crores, to be exact Rs. 8,48,21,423.29, were taken up by the different Units of the Bharat Sevak Samaj (See Table 47-B). In the absence of authentic information, the Commission is not in a position to say whether these were all the works that were taken up or whether there were also some others because the Bharat Sevak Samaj had a number of Units in the different parts of the country and even the Central Bharat Sevak Samaj did not have a precise idea of the works taken up by them. The information collected from the different State Governments cannot be said to be complete because a large number of Public Works Divisions had entrusted these contracts to the Bharat Sevak Samaj and the State authorities did not have their complete records.

142. The Central Bharat Sevak Samaj had laid down certain rules for the recognition of different units to enable them for taking up construction contracts and these rules were framed after the Construction Service was formed as a separate agency in 1958. The basic reason for this recognition was to enforce uniform standards of efficiency and observance of rules regarding accounts and for accounting of receipts and utilisation of profits. The records relating to the recognition of the different Units have not been produced by the Bharat Sevak Samaj even though they were specifically asked to produce them. But from the available records, the Commission finds that 79 Pradesh and District Committees were recognised by the Central Samaj but out of these there is evidence of only 62 Units functioning. Apart from those recognised Units there were 20 unrecognised Units functioning which shows that the system of recognition was not an effective method of control. Whether there were more unrecognised Units functioning or not cannot be verified because the relevant files of the Bharat Sevak Samaj has not been produced before the Commission. (See Table 47-A).

143. The accounts of as many as 31 Units have not been produced before this Commission. Therefore, it has not been possible to verify as to how the funds of those units and profits, if any, were utilised. Even the accounts of the Units which were produced

were not complete or for the entire period of the functioning of the Units. In the case of 50 Units, the accounts are available only for a part of the period of their functioning. Out of the 2122 works taken up by the Bharat Sevak Samaj of the value of Rs. 8,48,21,423.29, accounts have been produced only for 1,601 works of the value of Rs. 4,30,07,220.60 (See Table 47-B). For the remaining there are no accounts. The records available show a net loss of Rs. 6,93,003.35 in respect of the works taken up by the different Units. As to whether the other Units had made any profit or not or what happened to their funds or accounts cannot be ascertained.

144. In the Consolidated Accounts of the Construction Service for the years 1964-65 and 1965-66, the total value of works shown was only Rs. 1,77,15,578.47. These accounts were of the Central Construction Service of the Bharat Sevak Samaj which they collected when they wanted to consolidate the accounts. The profit shown in those accounts was Rs. 1,34,364.87 but the latest accounts produced before the Commission show that this profit has been converted into a loss of Rs. 6,93,003.35. (Table 47-B).

145. The main source of finance for the works undertaken by the Pradesh and District Units of the Bharat Sevak Samaj was the loans given by the Planning Commission through the State Governments totalling Rs. 36.50 lacs. Besides this, the State Governments also gave initial advances at the beginning of the work as a result of instructions received from the Central Ministry of Irrigation & Power and the Planning Commission as a part of the concessions extended to the Bharat Sevak Samaj. No precise information is available about the advances given but the Commission finds that out of these loans and advances Rs. 23,84,968.74 plus interest was outstanding against the Samaj Units and out of the advances Rs. 23,32,632.02 was outstanding (Table 47-B). Besides the advances given by the State Governments for the works given by them, advances were also given by the Central Government departments in respect of the works given by the Central departments to the State Units. The advances given by those Central departments have been recovered by the States but the record shows

that the financing of the works of the State Units was also done out of the Government loans and advances given by the Central or State Governments.

146. On the basis of the instructions issued by the Planning Commission, no securities were taken for the Planning Commission loans distributed through the State Governments except that the machinery and equipments purchased out of those loans were hypothecated to the Government.

147. Even though the construction activities of the Bharat Sevak Samaj in the States were also financed out of Government funds virtually there was no control over the activities of the Construction Service. Accounts of the Construction Units or of the utilisation of the loans were not obtained except before sanctioning the loans.

148. The Government had also given various concessions like exemption from payment of earnest money and security deposit, allotment of works to the Bharat Sevak Samaj on the basis of negotiated basis without calling for tenders and allotting works upto certain monetary limits at scheduled rates, or at certain fixed rates. Still there was hardly any control exercised and the funds could be used by the Bharat Sevak Samaj in any manner the Samaj wanted. As a consequence of this lack of vigilance and control, the Samaj has not repaid as much as Rs. 47,17,600.76 together with interest thereon as far as the Commission has been able to see. (See Table 47-B).

149. The records produced by the State Governments show that the State Governments had paid for the works executed by the Bharat Sevak Samaj a sum of Rs. 6,70,76,930.61 out of which the Samaj has produced the accounts only for Rs. 4,28,70,043.66 and for the balance of Rs. 2,40,69,710.61 no accounts have been produced. (Table 47-C). Whether the non-production is due to the non-existence of any accounts or due to the Samaj withholding the accounts, it is difficult to say. The major part of the unaccounted receipts pertains to the Kosi Unit of the Bharat Sevak Samaj which had done work of Rs. 2,26,09,753.81 but has produced accounts for only three years, i.e. 1963-64 and 1965 for the works of the value of Rs. 40,51,184.61. For the balance

of Rs. 1,85,58,569.20, (See Table 47-C) no accounts have been produced. Even for the three years for which accounts have been produced, the accounts are only Receipt & Payment accounts and no Balance-Sheets or Profit and Loss Accounts have been produced.

150. The contracts entrusted to the Samaj State Units were executed mainly through sub-contractors and the agreements with the sub-contractors have not been produced before the Commission except in a few cases. The records show that these agreements were also not produced before the auditing Chartered Accountants who could not verify whether the expenditure shown in the accounts was rightly chargeable to the accounts of the works.

151. A major part of the expenditure of the works in the States also was on account of materials used in the works in the State Units but no quantity accounts showing the material received, issued and consumed were kept nor were the auditing Chartered Accountants given any consumption statements for the different works which would have enabled him to ascertain the reasonableness of expenditure on material. Thus, for a major portion of the expenditure on its construction activities, the Bharat Sevak Samaj had no accounts, at least, none were produced before the auditors or the Commission.

152. Another major item of expenditure in the Construction activities was on "departmental labour" but even for these no proper accounts were kept. What was called departmental labour was not actually employed directly by the Bharat Sevak Samaj but only through the labour contractors who were called Mukaddams.

153. There is no proof that the various advantages which were claimed for the Bharat Sevak Samaj participation to arise, did arise in fact. A major part of the works taken up by the Bharat Sevak Samaj were got executed through sub-contractors who were euphemistically and variously described as "piece workers", "labour contractors", "Unit leaders", "group leaders" etc. The contracts entered into with them varied from complete assignment of the contracts as to sub-contractors as in the case of Bombay to splitting up the works into different convenient reaches and portions and giving them

to small contractors. The details varied but the basic feature remained the same, i.e., the actual execution was in the hands of agencies other than the Bharat Sevak Samaj itself. In the case of Bombay particularly the records show that the Samaj provided no finance; they did not engage any supervisory staff except for preparing the bills to be submitted to the Government or for tendering for works. Even in cases where the Samaj had shown some work done through departmental labour, the departmental labour was mostly the labour employed through Mukaddams as labour contractors and the direct employment and payment by the Bharat Sevak Samaj was the exception rather than the rule. This was the mode of execution of the works in Punjab also. Consequently, all claims that the contractors and the middlemen were eliminated in the system of execution of Government contracts by public cooperation agencies like the Bharat Sevak Samaj are not made out. Similarly, the claim that the middleman's profit was eliminated is also not borne out by facts. In fact, the Samaj became an extra agency which took a part of the profit. What is really surprising is that even in cases where the works were got done through sub-contractors, the Samaj kept a big complement of staff and the justification for this is not clear and so also the reason for losses because in the case of sub-contractors being employed there should be no loss.

154. The Commission has also not been able to find any support for the claim of the Samaj that more agricultural labour got employed under them than under the works taken up by other contractors. Further the Samaj had the patronage of some Union and State Ministers and political leaders and also high officials of the Planning Commission who pleaded their cases and even interfered in the working of the Government Departments in the interest of the Samaj. Thus, undue influence was not eliminated but there is no proof of the bribing of the officials.

155. The officials of the Government Departments were subjected to such pressure that they could not take decisions according to their judgments and discretion and some of them who found fault with the working of the Bharat Sevak Samaj in the execution

of contracts were complained against to the higher authorities including Central Ministers by the Bharat Sevak Samaj and they suffered both indignity and in their official career. This was particularly true of the Bombay Unit of the Samaj and of Bidar.

156. In the execution of the contracts taken up by the Samaj there were delays but no action was taken by the officials and when it was it had to be withdrawn on the ground of the Samaj being a voluntary organisation working without a profit motive.

157. In many cases the Samaj did not complete the work and abandoned the contracts and the departments had to incur extra expenditure on getting the works completed through other agencies. Delay was the usual feature of the working of the Samaj and the instances where the works were completed in time were more an exception than a rule. But this extra expenditure on completion was not recovered in accordance with the terms of the contracts.

158. The Samaj and the Planning Commission had made various claims about the savings to the exchequer due to Samaj entering the field of construction activities but these claims are not supported by any details and no verification of the claims is possible because of the concessions given to the Samaj which were not available to other agencies. These concessions were *inter alia* the following :—

- (i) Exemption from security deposits and earnest moneys;
- (ii) advances to the extent of 25 per cent of the value of the work;
- (iii) giving of contracts without tenders on negotiated basis;
- (iv) exemption from payment of income-tax;
- (v) grant of loans on liberal terms;
- (vi) lending of Government officials to the Bharat Sevak Samaj;
- (vii) the help rendered by the Planning Commission and Ministers in getting the matters sorted out in favour of the Bharat Sevak Samaj; and
- (viii) giving assistance for training centres for training workers engaged for construction activities.

159. Even in the case of Kosi the rates of the Samaj were actually higher in some of the years or equal to that of the other contractors and the volume of work done by the Samaj was only a little more than Rs. 2 crores in a Project costing more than Rs. 65.23 crores. It must in fairness be added that the coming in of the Samaj did help in bringing down the rates which were in the beginning demanded by the contractors although there were other factors also operating like malaria prevention measures.

160. The claim of the Samaj about the savings to the exchequer has to be taken in conjunction with the likely losses to the exchequer on account of the unrepaid loans by State Units and advances given to the Bharat Sevak Samaj Units which, as mentioned earlier, comes to Rs. 47,17,600.76 plus interest (Table 47-B).

161. Though the Samaj was a society registered under the Societies Registration Act, normally the funds of the society could not be used for private gains. The Samaj had engaged number of piece-workers for its contracts and had given large amounts of money to them, to various office-bearers and staff and to others. Out of these advances, Rs. 12,75,519.02 (Para 48.40) were written off and how far these advances were bonafide business advances it is not clear from the records because necessary details are not given in the ledgers. The authority for making these advances has also not been proved but one thing is clear that some private individuals were benefitted out of the write off of these amounts.

162. In the Consolidated Accounts as on March 31, 1966, the amount of advances outstanding against the Bharat Sevak Samaj workers and piece-workers was Rs. 70,32,211.50. How much out of this was subsequently recovered is not clear as the accounts of all the units have not been produced but the records produced show that a major part of these advances was not recovered even as late as 1968 and substantial part of these advances made had to be written off ultimately. It is surprising that the full details about the persons from whom these advances were due are not available on the records produced.

163. Further, in Units like the District Unit of Varanasi, large amounts of expenditure have been shown in the accounts without any supporting details of expenditure and the fact that

the accounts of many Units are not audited makes it impossible to determine the correctness of the items of expenditure.

164. In these circumstances, the correctness of the claim of the Bharat Sevak Samaj that the profits of the Samaj did not go into private pockets remains unproved.

165. In some places and particularly in Bombay the managers looking after construction activities of the Samaj were themselves contractors of the Class I. That considerably eroded the image of the Samaj and detracted from its claim of being a body of selfless workers working for altruistic motives. This damage was further increased by the association of some ambitious people who wanted to use the Samaj as a means of making money for themselves.

166. The Bharat Sevak Samaj had also claimed that its methods of work and accounts were subject to the examination and scrutiny of the officials. There is no proof that the accounts of the construction service or of other activities of the Samaj were regularly submitted to the Government or its officials for scrutiny except that some accounts were submitted for the grants-in-aid schemes and in a few cases for the sanctioning of loans. Complete accounts were never produced before the officials and in the case of Kosi Project which was the first venture in the construction activities of the Samaj, the Samaj resisted all attempts by the Government to get the accounts. In fact, even the accounts of the community savings which were credited to the Government accounts initially from out of the deductions from the unit leaders and were subsequently withdrawn from the Government were not given to the Government in spite of the criticism in the Press and Legislature right from 1962 and even after the Chief Minister suggested submission of those accounts to the Government. The Samaj has consistently refused to have the accounts produced before any official agency and even before this Commission they took the stand that the Commission is not entitled to look into the accounts.

167. There were constant quarrels and bickering between the Bharat Sevak Samaj and the Government Departments in regard to the execution of the contracts. The Samaj was in many cases unhelpful and its tendency

to make allegations against Government servants who attempted to enforce the terms of the contracts can be found in almost all the construction contracts. In the opinion of the Commission it was an unhealthy trend.

168. The history of the different contracts shows that in many of the cases the Samaj was not equipped to take up the contracts whether due to lack of machinery or lack of personnel or expertise and experience and there were many instances of delays, some of even abnormal delays and many were the instances of bad workmanship and poor quality of work. The poor workmanship and bad quality of work were tolerated and even overlooked due to its being a voluntary non-profit making body but it cannot be ruled out that its important connections and patronage from high quarters was the reason of this rather lenient and overlooking attitude of the officials. In many cases, no compensation was recovered and where it was recovered, it was almost negligible. One of the important reasons for inducing the Samaj into construction works was the hope that the savings made by the Bharat Sevak Samaj would be available for social welfare activities and the burden on the Government for such activities would be reduced. The record, however, shows that the Central Bharat Sevak Samaj spent precious little on social welfare activities, only a few hundreds. A major part of the savings of some aerodrome works was offset by the losses elsewhere and on the whole there was a loss. Some amounts of money were paid for the organisational section of the Samaj for maintaining a complement of staff but on welfare activities as such there was practically no expenditure.

169. There were some loans given to the section of the Samaj dealing with Central grants and the Samaj has put forward claims against the Government in regard to all those schemes; and there is no evidence of burden on the Government for social welfare activities being reduced.

170. In Kosi various claims were made about the savings being used in activities beneficial to the community but the Samaj has contumaciously kept away records from the Commission and in absence of the requisite records, Commission is unable to verify those claims of moneys having been expended on community projects.

171. This Commission has to enquire into the extent to which accounts have been rendered by the Bharat Sevak Samaj for Central assistance and the extent to which these accounts conformed to the procedures prescribed for the submission of accounts. From the record it appears that in the letters sanctioning assistance to the Bharat Sevak Samaj the form of accounts to be rendered by the Samaj were not clearly set out and the different Ministries followed different procedures in the matter of accounts and consequently the accounts submitted were also different and indifferent in character. The General Financial Rules laid down a definite procedure for obtaining the accounts and under Rule 149(3) of the General Financial Rules an overall Consolidated account showing the financial position of the institution was required to be submitted by the organisation receiving the grant. The Consolidated Accounts of the organisation are the accounts of all the activities of the organisation and of its units and these accounts have to be —

- (i) Receipt and Payment accounts;
- (ii) The Income and Expenditure account or the Profit and Loss Accounts; and
- (iii) The Balance-Sheet at the end of the financial year.

172. The various Ministries giving assistance to the Bharat Sevak Samaj obtained only the accounts of the particular scheme for which assistance was sanctioned by that Ministry and even these accounts did not reflect the financial position of the grantee or the utilisation of total assistance. Only in the year 1965, after the Public Accounts Committee pointed out the need for obtaining the consolidated accounts of the Bharat Sevak Samaj was an attempt made to obtain consolidated accounts when perhaps it was too late. After that the Bharat Sevak Samaj rendered the following accounts to the Government of India :—

- (i) Consolidated statements of accounts of Central and State Units (excluding Construction Service) for the years 1962-63, 1963-64 and 1964-65 24-5-1966
- (ii) Consolidated statements of Receipts of and Payments against Central Government grants for the years, 1953-54 to 1961-62 26-10-1966
- (iii) Consolidated statement of Receipts and Payments of Central and State Units (excluding Construction activities) for the year 1965-66 31-5-1968

- (iv) Recasted Consolidated Balance-Sheets of Bharat Sevak Samaj Construction Service for the period ended 31-3-1965 and 31-3-1966, supported by Profit and Loss Accounts, Contract Accounts and Manufacturing and Training, Accounts of Brick Kilns, duly certified by a Chartered Accountant. 8-1-1969.

173. These accounts are not the overall accounts of the Bharat Sevak Samaj as the Samaj has not prepared the consolidated accounts from the beginning. Actually the consolidated accounts for the general activities are only for four years, i.e. 1962-63 to 1965-66 and for the construction services these accounts have been rendered only for two years namely for 1964-65 and 1965-66. The defects, omissions and deficiencies of these accounts have been discussed at length in an earlier chapter. But the main deficiencies are—

- (i) As the consolidated accounts have not been prepared from the beginning, the balances shown in the accounts for the years for which the consolidated accounts have been prepared are not verifiable.
- (ii) The accounts of a number of schemes have been left out of these accounts, particularly the accounts of the Local Development Works programme for which grants given were more than Rs. 71 lacs and the outlay more than Rs. 165 lacs.
- (iii) The accounts of the District Units of the Bharat Sevak Samaj were not included in the consolidated accounts.
- (iv) The accounts of a number of construction units were not included in the consolidated accounts.
- (v) In the case of Kosi Unit of the Bharat Sevak Samaj the construction works executed by the Samaj were of the value of Rs. 1.85 crores. It was claimed that out of these works of the value of Rs. 1.85 crores, there was a saving to the Samaj of Rs. 16 lacs during the period 1954 to 1962. But there are no accounts produced to show as to what happened to these Rs. 16 lacs nor has it been shown how the figure of Rs. 16 lacs was arrived at.

- (vi) Under an agreement contained in the contract between the Unit leaders and the Administration and by the Samaj, a certain sum of money was to be deducted, the percentages of which varied from time to time, from out of the payments to be made to the Unit leaders. These moneys were to be used for the Community Savings Fund and the Organisational Fund. Out of this amount, a sum of Rs. 14,93,318.00 was withdrawn by the office bearers of the Samaj and it is claimed that they were expended. The Commission has been unable to verify this as no accounts have been produced. The position taken by the Samaj was that these moneys were its own and, therefore, it was not bound to give any accounts of these moneys. The Commission is unable to accept this contention because even on the plea taken by the Samaj they were moneys clothed with a trust and had to be expended on particular and specified objectives. They had to be spent according to the contract with the concurrence of the Kosi Administration, a condition which in the opinion of the Commission was illegally abrogated. At the most the Samaj were the trustees of these moneys and so was the Kosi Administration and they had to be expended for the benefit of *cestuiqui trustent* and should have been proved to have been so expended.

- (vii) The records produced by the Bihar Government and other records before this Commission show that out of the advances given by the Kosi Project to the Unit Leaders, a sum of Rs. 19,01,526.26 was outstanding. What happened to these advances and how they were utilised has not been shown as no accounts have been produced. The Central Bharat Sevak Samaj made efforts to get the accounts of the Kosi Construction Unit in 1965. Two Balance-Sheets were sent by the Kosi Construction Unit to the Central Samaj but both were unaudited, one on September 27, 1965 and the other on October 11, 1965. The former showed the advances against the Unit

Leaders to be Rs. 26,16,174.16 and the latter showed no outstandings at all. This makes these accounts unacceptable in the absence of books of accounts by means of which the Commission would have been able to verify these figures. Unfortunately these were withheld by the Samaj when the Commission visited Patna.

- (viii) Mr. G. L. Nanda in a letter which he sent to the Commission has stated that he has personally checked that labour was paid its share of payments out of the moneys paid by the Kosi Administration. The Commission has no reason to disregard this assurance but this does not apply to those moneys which were deducted for the specified purpose of Community Savings and Organisational Funds from out of the wages payable to labour for which no accounts have been produced.
- (ix) The assets of the Bharat Sevak Samaj such as buildings and land etc. are not included in the Balance-Sheets which were prepared.
- (x) The accounts of the General Section and other funds like the Central Development Fund and the Special Fund operated by the Chairman are not included in the Consolidated Accounts.
- (xi) There were large amounts under the Inter-Unit Suspense account which have remained unexplained and unadjusted.
- (xii) The Consolidated Accounts have been prepared from the accounts of the different schemes and of the different Units; but these accounts of the different Units and of the different schemes were not prepared on a uniform pattern, i.e. Receipt & Payment Account, the Income & Expenditure or Profit & Loss Account and the Balance Sheets were not prepared for all the Units of the scheme. Very often the accounts prepared were hybrid accounts, i.e. they were not exclusively maintained on cash basis nor on mercantile basis with the result that sometimes liabilities were included and sometimes they were

not. In the absence of a uniform pattern of accounts for the different Units, the Consolidated Accounts do not reflect the correct state of affairs.

- (xiii) In the Consolidated Accounts the accounts of a number of Units which were unaudited were included and the books of accounts of those Units also have not been produced. In the absence of any audit certificate and the books of accounts, it was not possible to verify the unaudited accounts which have been included in the Consolidated Accounts.

174. The consolidated accounts prepared by the Samaj for the few years above set out are incomplete. Further the accounts for a number of years have not been included in those overall accounts. In many of the States and districts the Units had ceased to function and it is not known as to where or in whose custody the books of accounts are. The present office-bearers of the Samaj are unaware of the whereabouts of the portion of the records. Even if the books could be traced the accounts would have to be recast into a uniform pattern and this will be a stupendous task as the Samaj has not maintained their books of accounts on a uniform pattern. The Commission, therefore, finds that it will be almost impossible to reconstruct the overall consolidated accounts for the Bharat Sevak Samaj for all the years and unless the overall accounts are prepared from the beginning, the balances for the subsequent years cannot be correctly carried forward and without these balances the upto date balances of the assets and liabilities cannot be worked out.

175. The Commission, thus, finds that out of the grants given by the Government of India accounts are yet to be rendered by the Bharat Sevak Samaj for amounts totalling Rs. 6,69,958.31 and the accounts rendered for Rs. 23,90,185.66 are yet to be finalised by the various Ministries in accordance with the principles herein suggested. How much of these accounts will be admitted will be known only when the scrutiny is completed by the Ministries. Further the amounts totalling Rs. 3,57,496.33 are due from the Bharat Sevak Samaj on account of the arrears of rent of buildings allotted by the Estate Office; Rs. 6,14,287.15 is due from the Bharat Sevak Samaj on account of arrears of rent, lease

money and damages on the lands and buildings allotted by the Land & Development Officer.

176. The Commission finds that out of the loans sanctioned by the Planning Commission to the State Units of the Bharat Sevak Samaj, Rs. 23,81,968.74 is still due and for these are unsecured loans except that the machinery and equipments purchased were hypothecated to Government. Apart from this, out of the advances given by the various State Governments to the State Units of the Bharat Sevak Samaj, Rs. 44,78,677.60 plus interest was outstanding.

177. The Samaj is one entity under its constitution and the State Units cannot be said to be separate bodies and they cannot be even termed legal entities as they were not separately registered and are not legal *persons* except as units of Central Bharat Sevak Samaj. The Commission in the absence of any specific claim by the Government and in the absence of specific pleas of the Samaj does not propose to hazard an opinion on the liability of the Central Samaj which has now disowned any liability but that was in the course of arguments. But in the absence of a special power of borrowing or carrying on of a commercial activity in the Memorandum of Association, it is difficult to hold in favour of legality of these loans or of the liability of the Samaj. But that plea also was not raised by the Samaj; on the other hand, it has submitted that its constitution allowed it to do the work of a building contractor and also to borrow.

178. Apart from the cases of shortages of materials reported in the different Construction Units, there were also instances where there were complaints of misappropriation against some of the Bharat Sevak Samaj officials. These complaints were in respect of the Varanasi Unit of the Central Construction Service where the ex-Accountant of the Unit has been charged with misappropriation totalling Rs. 40,458.27. The records of the Varanasi Unit have not been produced before this Commission by the Bharat Sevak Samaj on the ground that the First Information Report lodged by them against the Accountant is still being inquired into and the records are with the police. Similarly, in the Bidar Unit of the Central Construction Service also there were complaints of misappropriation against

the Accountant. The Commission has already dismissed at another place the complaints against the District Convener of the Bharat Sevak Samaj about the misappropriation and falsification of accounts in respect of the camps. There are also allegations of misappropriation by the various office bearers and others in different States. These have been discussed in detail in the respective Chapters. There were many serious financial irregularities in the Nahan unit of the Bharat Sevak Samaj where amounts totalling Rs. 85,838.02 shown in the cash book as deposited into the bank were not traceable in the bank accounts and Rs. 1,99,198.22 withdrawn from the bank were not accounted for. Other irregularities noticed in the unit were (1) the Chairman showing the contributions received from the public totalling Rs. 1,47,727.26 as loan given by himself, (2) non-issuing receipts for and non-accounting of public contributions and (3) maintenance of duplicate sets of books of accounts.

179. The Government allotted three plots of land for the construction of an office building and an occupational therapy institute to the Delhi Pradesh Bharat Sevak Samaj but these buildings were not constructed and the land passed in to the hands of another society called the Society for the Aid of Crippled and Handicapped. The allotment of the land to the Bharat Sevak Samaj was later cancelled by the Government but during the period the land was in possession of the Bharat Sevak Samaj, some barracks which according to the terms and conditions of the allotment were to be dismantled were not so dismantled and the barracks were hired out to a college and rent collected from it.

180. Two plots of land were allotted on Magazine Road to the Bharat Sevak Samaj one for construction of an office building for the Patharchoda Society and another for a labour camp for workers of the said society.

181. Another piece of vacant Government land vacated at Kutab Road were allotted to the Bharat Sevak Samaj for running a school and a dispensary.

182. A building in Khyber Pass market was also allotted to the Bharat Sevak Samaj for its use.

183. The Samaj was also allotted an area of 151.01 acres for two seasons for removal

of sand from the river bed. The Samaj also encroached on a plot of land in Nauroji Nagar for use of a school.

184. Some of these plots of land were not vacated by the Samaj even after the expiry of the lease. Arrears of rent and lease money and damages in all these plots of land amounted to Rs. 6,14,287.15 as on January 31, 1970.

185. It appears to the Commission that in most of the cases the schemes, which were subsequently approved and passed by the Planning Commission or its Coordination Committee, emanated in the first instance from the Samaj and the Samaj had asked for large amounts of grants, for each scheme though the grants were not made on that grand scale. It is unfortunate that the schemes were more or less nebulous in their scope and objective and vague in concept and it has not been possible to find or devise any objective test by which the success or otherwise of those schemes could be measured.

186. The working of these schemes also suffered from an avoidable infirmity and that was that the Government had devised no machinery for the supervision of the work done under the various schemes for which large amounts were given as grants and there is no material on the record showing that the Government took any interest in the execution of those schemes after Bharat Sevak Samaj was entrusted with the task of carrying them out. It further appears to the Commission that the Ministry did not have any machinery at New Delhi which could carefully supervise the working or scrutinise the results of the carrying out of the schemes by the Samaj or be able to discover the various defects which crept in in the execution of the schemes. The entire working of these schemes was left to the Bharat Sevak Samaj and it was paid a special grant for an overall supervision of these schemes but there is little evidence to show that the Samaj carried out its obligations of inspections and supervision or even proper guidance. In these circumstances it would be difficult to hold that supervision grants were well or even properly utilised. Therefore the Commission would venture to recommend that whenever assistance is given to voluntary or non-official bodies by the Government an adequate official machinery should be devised for keeping supervision and control over the execution of those schemes and there should

be an assessment of their success during the course of execution. It would not be advantageous for the Central Government to associate the States and their employees in the matter of supervision, whenever grants are given to organisations executing schemes which are more easily capable of inspection and control by officers of the States.

187. Even though grants and other assistance were given to the Bharat Sevak Samaj by the Government of India from the year 1953 no consolidated accounts showing the overall financial position of the Bharat Sevak Samaj were called for or obtained by the Government of India till the Public Accounts Committee in its 34th Report for the year 1964-65 commented adversely about it. Even after these adverse comments grants were released for the years 1965-66 and partly for 1966-67 and time was allowed to the Bharat Sevak Samaj to furnish the consolidated accounts. The Samaj could not prepare a complete and correct consolidated account for all the years it was functioning and only for some years incomplete accounts were prepared which did not show the true financial position of the Bharat Sevak Samaj as a whole. The Samaj could not obtain the accounts from a large number of units either due to the non-cooperation of those units or due to their becoming defunct. The Commission recommends that in order to avoid such contingencies the General Financial Rules should be suitably amended in order to make it compulsory on the part of the grants-receiving bodies to submit consolidated accounts of the body as a whole showing its overall financial position both before sanctioning of assistance as well as after the assistance is utilised. These accounts should be obtained not only from such bodies to whom grants-in-aid is given but also from all such bodies to whom other assistance is given.

188. The Commission finds that the General Financial Rules as they stand now do not specify the form of accounts to be submitted by the grant receiving Bodies. The Commission, therefore, recommends that General Financial Rules may be suitably revised and amended in order to provide for the submission of the following sets of accounts by all organisations and institutions receiving

assistance from Government for each financial year :

- (1) Audited Receipt and Payment Accounts of the body as a whole for the financial year.
- (2) Audited Income and Expenditure Accounts or Profit and Loss Account for the body as a whole for the financial year.
- (3) Audited Balance Sheet of the body as a whole for the year ending with March 31 of the year.

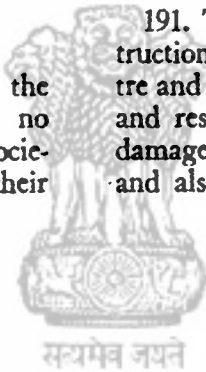
The Commission recommends that all institutions receiving assistance from the Government may be asked to adopt the same financial year as that of the Government. These accounts mentioned above should also be invariably accompanied by the Auditor's report on the accounts.

189. The Commission find that under the Societies Registration Act, 1860 there is no provision making it compulsory for the Societies registered under the Act to file their

audited accounts with the Registrar of Societies. The Commission recommends that suitable amendments in the Societies' Registration Act be made so as to provide for the filing of the audited annual accounts of Societies with the Registrar of Societies.

190. On the evidence before the Commission the experiment of giving construction contracts requiring technical knowledge of carrying them out was not a success in the case of non-official agencies even like the Bharat Sevak Samaj. In the case of the Bharat Sevak Samaj the work done was no uniformly good or the working free from squabbles with the Government engineers and has in a majority of cases led to litigation in the Courts or before private Tribunals which is neither a credit to the Departments nor to the Bharat Sevak Samaj.

191. The evidence shows that the Construction Service of the Samaj both at the Centre and in the States was not properly managed and resulted in an overall loss and also both damaged the Bharat Sevak Samaj materially and also tarnished its name and reputation.





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