REPORT

OF THE

COMMITTEE OF INQUIRY

(STEEL TRANSACTIONS)

NEW DELHI

February 1968

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22 S.M.Metal—1

A. K. SARKAR,
Chairman.

D.O. No. 13(1)/66-CI(ST

10th Phalguna, 1889 Saka

29th February, 1968.

DEAR SHRI LAL,

As Chairman of the Committee appointed by the Government of India *vide* Resolution No. SC(II)-14 (19)/66, dated 12th September, 1966, I am herewith enclosing the Report for being placed before the Government.

2. According to the Terms of Reference set out in the Government Resolution of 12th September, 1966, the Committee was required to investigate a very large number of cases involving approximately 15,000 import licences. Keeping in view the circumstances under which this Committee was set up and the desire expressed in Parliament for an early Report, the Committee looked into all the cases referred to in the 50th and 56th Reports of the Public Accounts Committee (1965-66) and a fairly large number of other cases falling under various schemes for the import of steel. In all we have examined cases involving approximately 900 import licences.

3. The main task of the Committee was to pinpoint irregularities which led to any loss to Government or undue favour to any party, fix responsibility

for the same and recommend action against the persons concerned. In this work we had no assistance whatsoever from the public in spite of calling for information by newspaper advertisements. Hence, the entire burden of investigation fell on the Secretariat of the Committee, which had to go only by the records maintained by the Steel Controller and the Steel Ministry. To the extent to which observations have been made in the Reports of the Committees of Parliament and in the Reports of the Comptroller and Auditor-General, the Committee took them into consideration. What is stated above would explain in a nut-shell the magnitude of the task involved and how the Committee had to discover, for themselves, what were the irregularities, who were responsible for them and to what extent, and indicate the action to be proposed.

4. As a result of our investigation, we have come to the conclusion that the state of affairs in the Steel Controller's Office in the matter of office procedures leaves very much to be desired, as pointed out by the Khadilkar Committee in their Report also. We had, therefore, considerable difficulty in getting information on a large number of issues. Considerable time was also taken up in obtaining records and in getting the requisite information from the authorities concerned. The fact that this inquiry includes a large number of cases which were dealt with several years ago accounts for the time taken in submitting the Report.

5. For an understanding of the Report, we have set out the various schemes in detail, under which import licences were issued. We have listed out the irregularities wherever they occurred. The explanations of officers concerned were specifically called for in writing and many of them were also orally examined by the Committee. It was only after all these had been gone through that the Committee took final decisions.

6. Having conducted investigation into the large number of cases already referred to, my colleagues and I feel that this is not a matter which is specially suited for being dealt with through a Committee. The work involves detailed scrutiny of each and every file by an expert staff; and, after all the information has been gathered, there might be only a few irregularities that are found to have been committed and only those few cases require serious consideration by the final authority or by a Committee. Considering the recommendations contained in this Report, the Government may perhaps agree with us that, for the time and labour spent in looking into approximately 900 cases, only the cases of a few officials might call for action. All these cases relate to what happened years ago and the Committee are very sceptical about the value of continuing the investigations regarding the remaining cases.

7. One of the Members, Shri P. C. Padhi, has prepared a separate note incorporating his views on a

number of points in the Report, about which he does not agree with the majority.

8. On behalf of the Committee I wish to express my grateful thanks to the officers in the Ministry of Iron and Steel, the Steel Controller's Organisation, Hindustan Steel Ltd., and all others who have extended their cooperation.

Yours sincerely,

(Sd.) A. K. SARKAR.

Shri H. Lal,
Secretary,
Department of Iron and Steel,
Ministry of Steel, Mines and Metals,
New Delhi.

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