

FIFTH CENTRAL PAY COMMISSION

COMPENSATION FOR PRICE RISE

INTRODUCTION

Definition and Historical background.

105.1 Dearness Allowance (DA) is a compensatory payment to the employees for the erosion in the real value of their salaries, resulting from price increase. The institution of DA came into existence during the Second World War. It started in the form of grain compensation allowance and was paid only to the low paid employees of the Central Government, originally at rates sanctioned by Provincial Governments for their employees. Subsequently in 1942 the grain allowances was replaced by DA which now came to be paid uniformly in all States on an all-India basis.

Views of the Previous Pay Commissions.

105.2 Since 1947, the DA formula has undergone several modifications on account of each of the earlier Pay Commissions suggesting their own methodology for deciding the quantum as well as the frequency of payment of this allowance. While the First and Second CPC's suggested payment of DA at flat rates for employees in different pay scales for different levels of Consumer Price Index (CPI), the 3rd and 4th CPC's while linking DA to both the CPI and pay scales, recommended DA as a percentage of the basic pay. While DA was made payable automatically by the first CPC once a specific level of Consumer Price Index was attained, the 2nd CPC did not favour automatic sliding scale adjustments and recommended that the Government should review the position and consider the case for an increase in DA, each time the index increased by 10 points. This they felt was necessary as allowing an automatic increase, each time prices rise, without going into the reasons for price rise, would tend to fuel inflation because of a wageprice spiral. Price increase, fuelled by a fall in production levels or due to hike in indirect taxes should not merit compensation. The absence of a precise scheme of DA revision, however, resulted in a situation where two high-powered bodies had to be appointed in the intervening period between the 2nd and the 3rd CPC for the payment of DA because of the continuing upward trend of prices. As a result, the 3rd CPC partially reversed the recommendations of the 2nd CPC by making DA payment automatic each time the CPI rose by 8 points over the index of 200, up to the level of 272. DA until the 2nd CPC had been imagined to be a temporary expedient and was intended to deal with the phenomenon of a temporary rise in prices. It was precisely for these reasons that the pay structure then had to have three separate components: basic pay, dearness pay and dearness allowance. While basic and dearness pay represented the irreversible components, DA represented the component which could be reversed in the case of a price fall. Thus only a part of DA was converted

into dearness pay after finding out the level below which cost of living was not likely to fall. Subsequently however, even though price rise came to be observed as a permanent phenomenon, a part of dearness allowance was declared as dearness pay on several occasions, but for different reasons, more particularly for providing relief in the matter of death-cum-retirement benefits to retiring employees. The Fourth CPC changed the DA formula given by the 3rd CPC, from a 'point basis' to a 'percentage basis'. This change was merely cosmetic. More significantly, the Fourth CPC improved the percentage neutralization at higher levels. DA was also made admissible twice a year to them. This was a significant improvement, as the earlier practice of releasing DA each time the index rose by 8 points had resulted in a situation where as many as 9 instalments of DA had to be released in 1974-75. The principle of declining percentage neutralisation at the higher levels was however the only common thread between the previous Pay Commissions and was adhered to by them for reasons of 'vertical equity'.

EXISTING POSITION

The existing Dearness Allowance formula.

105.3 The existing formula for grant of DA to Central

Nagpur University Teachers' Association
MEETING NOTICE : 1

Dated : 15.03.2004

From :

Prof. E. H. KATHALE

Secretary, NUTA

N-162, Reshim Bag, Nagpur-444 009

To,

All the members of the

Nagpur University Teachers' Association

Dear members,

I have the honour to inform you that General Body meeting of the Nagpur University Teachers' Association will be held at 12.00 noon, on the Day and the Date mentioned below.

2. If you propose to move any resolution for the consideration of the General Body, you are requested to send such resolution to me, with a copy to Prof. B.T.Deshmukh, President NUTA, No. 3, Subodh Colony, Near Vidarbha Mahavidyalaya, Amravati 444604 within a period of 10 days from the date of the posting of this Bulletin.

3. It will not be possible to include in the agenda, resolutions received after the due date. So please make it convenient to send such resolutions, if any, within the stipulated time. The place of the meeting will be intimated to you alongwith the agenda.

Thanking you.

Yours faithfully
Sd/- E. H. Kathale
Secretary, NUTA.

Time, Day and Date of the Meeting:

**12.00 Noon on Sunday, the
9th May, 2004**

FIFTH CENTRAL PAY COMMISSION

Compensation for Price Rise

पाचव्या वेतन आयोगाने केंद्र शासनाला सादर केलेला अहवाल एकूण २१४३ पृष्ठांचा असून तो तीन खंडांमध्ये व १७२ प्रकरणांमध्ये विभागलेला आहे. त्यामधील १०५ वे प्रकरण "Compensation for Price Rise" या विषयावर आहे. हे प्रकरण १०५.१ ते १०५.१२ असे १२ परिच्छेदांचे असून ते संपूर्ण प्रकरण जसेच्या तसे प्रसृत केलेले आहे. - संपादक

Government employees is based on the recommendations of the Fourth CPC. **At present DA is admissible twice a year as on 1st January and 1st July and is payable with the salary for March and September respectively in the same year.** Each instalment of DA is calculated with reference to the percentage increase in the 12 monthly average of AICPI (base 1960) over the average index of 608, which is the base for the existing scales of pay as recommended by the Fourth CPC. This percentage increase is taken in whole numbers only.

Thus, the formula for calculating DA is:-

12 Monthly Average - 608 of AICPI :- $608 \times 100 =$ The percentage increase in prices.

The extent of neutralization admissible to employees against the percentage increase in prices for different pay ranges is as follows:-

Pay Range (Basic Pay) : Extent of Neutralization

- i) Pay upto Rs.3500/-p.m. : 100%
- ii) Pay above Rs.3500/- p.m. and upto Rs.6000/-p.m. : 75% Subject to a minimum of the maximum available at (i) above,
- iii) Pay above Rs.6000/- p.m. : 65% Subject to a minimum of the maximum available in (ii) above.

Release of DA instalments since 1.1.86

105.4 The revised pay scales based on the recommendations of the Fourth CPC were made effective from 1.1.1986. Since then, 20 instalments of Dearness Allowance have been released till 1.1.1996, as shown in Annexe 105.1. These instalments have been paid in cash to all Central Govt. employees, except for five instalments of DA from 1.7.1990 to 1.7.1992 which were credited to the Provident Fund Accounts of Central Govt. employees drawing pay above Rs.3500/- p.m,

Yearly expenditure on Dearness Allowance for civilian employees

105.5 The yearly expenditure on Dearness Allowance in the case of Central Govt. employees beginning from 1987-88 is given below, The tentative estimate of expenditure on Dearness Allowance in 1995-96 is of the order of Rs.8154.08 crores.

Year	Rs. Crores
1987-88	602.31
1988-89	1186.00
1989-90	1806.14
1990-91	2300.75
1991-92	3242.14
1992-93	4761.78
1993-94	5908.24
1994-95 (Est.)	6834.70
1995-96 (Est.)	8154.08

Comparative position in State, Public Sector and Countries abroad

105.6 We observe that Dearness Allowance is paid to State Government employees as well as to Public Sector employees as a distinct component of the pay packet. **The Dearness Allowance formula followed in the State Governments is designed after the Central Governments Dearness Allowance formula and is quite similar,** except for the year and the index upto which pay scales have been neutralised. In the Public Sector, on the other hand, Dearness Allowances was linked originally only to the increase in the Consumer Price Index and not to pay, but this has been changed recently and DA in PSEs has now been made similar to the Central Government DA formula except for some minor differences (See Chapter on Comparisons with the Public Sector). The practice being followed by the Government and the public sector in India runs contrary to the international experience and the practice in the Private Sector, where Cost of Living Adjustment (COLA) has been done away with, either partially or completely. In the private sector, inflation neutralization, if paid, does not constitute a distinct component of the pay structure and is implicitly taken into account at the time of pay fixation. In countries abroad, on the other hand, this scheme has been totally abolished. France discontinued its quarterly adjustment of public salaries for inflation in the 80's. Greece has abandoned automatic indexation, while termination of Automatic indexation of police staff in UK is on the cards. In general, countries which have abolished automatic indexation have done this on the assumption that this tends to fuel inflation.

Demands made in the Memoranda

105.7 We have received several demands on Dearness Allowance. These range from uniform neutralization at all levels to an alternative Consumer Price Index and the use of a monthly, 3-monthly or 6-monthly average instead of a 12-monthly average of the CPI. **The merger of DA with basic pay when it comes to be 25% of the basic pay, and the exemption of DA from tax are some other demands.**

OUR RECOMMENDATION

Uniform neutralisation @ 100% to all level

105.8 It has been strongly, urged that a uniform neutralization of DA @ 100% should be given to employees at all levels. We see merit in this demand. The erosion in the real value of salary at the highest level, has been the most severe beginning from 1949 followed by other Group A officers down the line (See Annexe 105.2). In contrast, a comparison of the index of real earnings for the peon between 1949 and 1996 shows that the peon was more than fully neutralized for inflation and was in real terms paid 53% more than his salary in 1949. The Secretary on the other hand was not even paid full neutralization for inflation and consequently his real salary has eroded to the extent of 72%

DA instalments released between June 86 and January 96

(Annexe - 105.1)

(See para 105.4)

No.	Date	Rates of DA		
		Upto Rs.3500	Rs.3501-6000	Rs.6001 & Above
1	1.7.86	4%	3% Min. of Rs. 140	2% Min. of Rs. 180
2	1.1.87	8%	6% Min. of Rs. 280	5% Min. of Rs. 360
3	1.7.87	13%	9% Min. of Rs. 455	8% Min. of Rs. 540
4	1.1.88	18%	13% Min. of Rs. 630	11% Min. of Rs.780
5	1.7.88	23%	17% Min. of Rs. 805	15% Min. of Rs. 1020
6	1.1.89	29%	22% Min. of Rs. 1015	19% Min. of Rs. 1320
7	1.7.89	34%	25% Min. of Rs. 1190	22% Min. of Rs. 1500
8	1.1.90	38%	28% Min. of Rs. 1330	25% Min. of Rs. 1680
9	1.7.90	43%	32% Min. of Rs. 1505	28% Min. of Rs. 1920
10	1.1.91	51%	38% Min. of Rs. 1785	33% Min. of Rs. 2280
11	1.7.91	60%	45% Min. of Rs. 2100	39% Min. of Rs. 2700
12	1.1.92	71%	53% Min. of Rs. 2485	46% Min. of Rs. 3180
13	1.7.92	83%	62% Min. of Rs.2905	54% Min. of Rs. 3720
14	1.1.93	92%	69% Min. of Rs.3220	59% Min. of Rs. 4140
15	1.7.93	97%	73% Min. of Rs.3395	63% Min. of Rs. 4380
16	1.1.94	104%	78% Min. of Rs. 3640	67% Min. of Rs. 4680
17	1.7.94	114%	85% Min. of Rs. 3990	74% Min. of Rs. 5100
18	1.1.95	125%	94% Min. of Rs. 4375	81% Min. of Rs. 5640
19	1.7.95	136%	102% Min. of Rs. 4760	88% Min. of Rs. 6120
20	1.1.96	148%	111% Min. of Rs. 5180	96% Min. of Rs. 6660

as compared to the position in 1949. **The erosion was a consequence of a deliberate policy followed for a long time, under the mistaken impression that impoverishment of the higher bureaucracy was an essential ingredient of a socialistic pattern of society.** A distortion is also observed in the internal relativities because of this formula. While the Fourth CPC had made recommendations which had resulted in a pre-tax maximum minimum disparity ratio of 10.7 in 1986, this ratio had slipped to a level of 8.58 in 1995 and to 8.43 in 1996. This was primarily an account of the Dearness Allowance formula which prescribes differential rates of neutralisation. **It does not require extraordinary intelligence to perceive that minimum-maximum ratios fixed by a Pay Commission should have some sanctity and stability. Once an ideal ratio is arrived at, it cannot be allowed to become a plaything in the hands of an erratic CPI.** With the lifting of the ceilings in the private sector and salaries in the public sector getting linked to productivity, the external relativities have got totally unbalanced. The government is unable to pay comparable salaries at the higher levels to its officers inspite of the enormity of their tasks and higher levels of responsibilities. **Inflation neutralization on a graduated scale in the present circumstances will be anachronistic and unduly unjust to the senior officers.** At this juncture, the Government's conscious intervention in removal of the unjust practice of differential neutralisation of DA is a must. **Accordingly we, recommend that inflation neutralization be made uniform @ 100% at all levels.**

AICPI (IW) to continue for Dearness Allowance purposes.

105.9 At present, the All-India Consumer Price Index for Industrial Workers [AICPI (IW)] with 1960 as the base is used for the purpose of calculating the Dearness Allowance. It has been represented that this index has lost its relevance as the true representative of the basket of goods and services for

middle and higher income groups. We have examined this issue in detail. We observe that **AICPI(IW) represents the consumption pattern of Industrial Workers who are defined as manual employees working under the Indian Factories Act, Mines Act etc.** Thus, AICPI(IW) can at best be taken to be representative of some categories of Group B, C and D employees within Government and cannot definitely be taken to be representative of the consumption pattern of rest of the employees in general and Group A employees in particular. **The Fourth CPC had recommended the formulation of a suitable index based on the consumption pattern of "Government Employees" as a solution. We however feel that such a suggestion only amounts to wishing away the problem,** as it is an established fact that consumption pattern of individuals vary among other reasons because of differences in income. The consumption patterns of Group A, B, C and D employees within Government are thus bound to be different due to different income levels and hence a suitable index based on the consumption pattern for Government employees as recommended by the 4th CPC is likely to suffer from the same set of problems as the AICPI(IW) suffers from. The option of employing separate indices for each category of employee does exist but is devoid of merit because of the sheer impracticality of the task as well as the needless suspicion such an arrangement is likely to arouse between the various groups. **We therefore, recommend that AICPI(IW) may continue to be the Index that may be used for calculating Dearness Allowance for Government employees.** The AICPI(IW) series with base 1982 may however be used henceforth for the purposes of calculating Dearness Allowance, as against the existing practice of using AICPI(IW) series with 1960 as the base. This is not likely to cause any difference to the calculations, as the 1960 series on being discontinued in 1988, is being generated from the 1982 series by using a conversion factor of 4.93.

Trends in the Index of Real Earnings at various levels of Central Govt

Annexe 105.2

(Emoluments in Rupees per month)

Year	AS on 1st January											
	1949	1957	1960	1969	1973	1986	1988	1990	1992	1994	1995	1996
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Peon												
(a) Emoluments	65	72.5	80	141	196	750	885	1035	1283	1530	1688	1860
(b) Index of Emoluments	100	112	123	217	302	1154	1362	1592	1973	2354	2596	2662
(c) Index of Real Earnings	100	100	99	103	120	153	152	153	150	152	152	153
Lower Division Clerk												
(a) Emoluments	100	112.5	120	208	260	950	1121	1311	1625	1938	2138	2356
(b) Index of Emoluments	100	112.5	120	208	260	950	1121	1311	1625	1938	2138	2356
(c) Index of Real Earnings	100	101	97	99	103	126	125	126	124	125	125	126
Assistant												
(a) Emoluments	215	222.5	230	356	425	1640	1935	2263	2804	3346	3690	4067
(b) Index of Emoluments	100	103	107	166	198	763	900	1053	1304	1556	1716	1892
(c) Index of Real Earnings	100	93	86	78	79	101	101	101	99	101	101	101
Class I (Jr. scale)												
(a) Emoluments	390	390	400	560	700	2200	2596	3036	3762	4488	4950	5456
(b) Index of Emoluments	100	100	103	144	179	564	666	778	965	1151	1269	1399
(c) Index of Real Earnings	100	90	83	68	71	75	74	75	74	74	74	75
Under Secretary												
(a) Emoluments	685	685	700	820	1200	3000	3540	4140	5130	6120	6750	7440
(b) Index of Emoluments	100	100	102	120	175	438	517	604	749	893	985	1086
(c) Index of Real Earnings	100	90	82	57	70	58	58	58	57	58	58	58
Secretary												
(a) Emoluments	3000	3000	3000	3000	3500	6000	8880	10000	11680	13360	14480	15680
(b) Index of Emoluments	100	100	100	100	117	267	296	333	389	445	483	523
(c) Index of Real Earnings	100	90	81	47	46	35	33	32	30	29	28	28
Index of AICPI **												
Base 1949=100	100	111	124	211	252	754	895	1039	1311	1546	1704	1874
Minimum/Maximum Ratio	1:46.2	1:41.4	1:37.5	1:21.3	1:17.9	1:10.7	1:10.0	1:9.66	1:9.11	1:8.73	1:8.58	1:8.43

Note : Cols. 2 to 6 from earlier pay commission reports and cols. 7 to 11 from Brochure on Pay and Allowances of Central Govt. Employees. Ministry of Finance.

@Emoluments include Pay+DA only but excludes other allowances.

*** Figures on AICPI pertains to the 12 monthly average for the calendar year in cols. 2 to 5 and financial year for cols. 6 to 13*

The 12 monthly average of AICPI(IW) to continue for Dearness Allowance purpose.

105.10 The other demand pertains to the change in the case of 12-monthly average to a 6-monthly average. It has been represented that though the neutralization envisaged upto the level of pay of Rs.3500 is 100%, in reality this is not the case. **This is because at any point of neutralization, actual consumer price index is much higher than the level at which DA is sanctioned.** We agree that while the index is increasing, the average will always be less than the actual at any point. This however, will be the case whether the average is a 12-monthly average or a 6-monthly average. In fact, we observe that the percentage DA payable on the basis of the 6-monthly average is not much different than that payable on the basis of a 12-monthly average. Further, as the minimum period required for moderating the effect of seasonal fluctuations is 12 months, **we propose that the existing practice of using the 12-monthly average of AICPI for calculating Dearness Allowance may continue.**

Automatic conversion of Dearness Allowance to Dearness pay when the index increases by 50%

105.11 The JCM in their memorandum have urged that when the consumer price index exceeds by 25% the index at which the pay is fixed, that proportion of pay should be treated as Dearness Pay (DP) for all purposes and the decision for this should not be left at the discretion of the Government. We observe that the conversion of dearness allowance into pay, on attainment of certain critical limits, amounts to introducing automaticity in the revision of pay structure. While such a change will do away with the institutional mechanism in existence at present for pay fixation, it will also preempt the powers to negotiate from the Govt. and will commit them to a financial burden irrespective of the state of health of the economy. **As such, we are not in favour of an automatic conversion of DA into DP. The decision to convert should be taken by Government, in consultation with the representatives of the employees.** At the same time, we cannot help observing that the pay and salaries of the Central Govt. employees undergo revision only once in 10 to 13 years, during which period the pay structure tends to get seriously disaligned. The revision of salaries in the public sector is twice or thrice as frequent, with revision taking place every four to five years. **It has been correctly pointed out by the Associations of Government employees that non-receipt of revised pay over 10- 13 years results in considerable damage to the financial position of employees.** Retiring employees have to bear the brunt of such a policy. This also results in widening the chasm between the pay packets of

analogous categories in the Govt. and the Public Sector. Further, from the past trend of CPI given in Annexe 118.1, it is observed that 50% increase in prices generally takes around 5 years to materialize. A mid-term quinquennial revision of salaries of Government employees is not, therefore, something that Government should grudge. **In view of the above, we recommend that DA should be converted into Dearness Pay each time the CPI increases by 50% over the base index used by the last Pay Commission. Such DA should be termed as Dearness Pay and be counted for all purposes, including retirement benefits.**

Dearness Allowance to be net of tax

105.12 Regarding the exemption of Dearness Allowance from tax, we propose that in line with our general recommendation on giving all allowances net of income tax, Dearness Allowance (including Dearness Pay referred to in the last paragraph) should be paid net of tax.

Speech made by the Central Finance Minister while presenting an Interim budget, for part of the year 2004-05 in Lok Sabha on 3 Feb. 2004.

Mr. Speaker, I rise to present an Interim Budget, for part of the fiscal year 2004-2005. This seeks a Vote on Account to enable the Government to discharge its responsibilities and to meet all essential expenditure during the first four months of 2004-05. The demands for Grants and the Annual Financial Statement presented are, however, for the full financial year, though, these could be revised, as is normal, at the time of presentation of the regular Budget. I am also introducing a Finance Bill, Seeking to continue the existing tax structure for the present.

2 to 27 *****

Employee welfare

28. The Fifth central pay commission had recommended that dearness Allowance (DA) should be merged with basic pay whenever the DA exceeds 50 percent of pay. At present, DA is at 59 per cent of pay. The Government having reexamined this recommendation in depth has therefore, decided that DA, to the extent of 50 percent of pay, will be merged with basic pay. This will take effect from April 1, 2004.

F/NO. 104 I 2004. IC

GOVERNMENT OF INDIA : MINISTRY OF FINANCE

Department of Expenditure : New Delhi, dated the 1 March, 2004

OFFICE MEMORANDUM

Subject : Merger of 50 % of Dearness allowance/Dearness Relief with basic pay/pension to Central Government employees/pensioners w.e.f. 1.4.2004

The Fifth CPC in para 105.11 of their Report had recommended that DA should be converted into Dearness pay each time the CPI increases by 50 % over the base index used by the last Pay Commission.

2. This recommendation of Fifth CPC has been considered and the President is pleased to decide that, with effect from 1.4.2004. DA equal to 50 % of the existing basic pay shall be merged with the basic pay and shown distinctly as dearness pay (DP) which would be counted for purposes like payment of allowances, transfer grant, retirement benefits, contribution to GPF, licence fee, monthly contribution for CGHC, various advances, etc. The entitlements for LTC, TA/DA while on tour and transfer and government accommodation shall, however, continue to be governed on the basis of the basic pay alone without taking into account Dearness pay. In case of existing pensioners, Dearness Relief equal to 50 % of the present pension will, w.e.f. 1.4.2004 be merged with pension and shown distinctly as Dearness pension.

Dearness Allowance/Dearness Relief converted into Dearness pay/Dearness pension respectively would be deducted from the existing rate of Dearness Allowance/Dearness Relief.

3. To ensure that pensioners retiring between 1.4.2004 to 31.1.2005 do not face any loss in fixation of pension, as a special dispensation in their case, DA equal to 50% of the basic pay would be treated as basic pay for purposes of computation of pension in respect of basic pay received by them prior to 1.4.2004. Consequently, element of dearness pension will exist only for pensioners retired/retiring from Government of India up to 31.3.2004.

4. Insofar as the persons serving in the Indian Audit & Accounts Department are concerned, these orders issue after consultation with the comptroller & Auditor General of India.

(Sushama Nath)

Joint Secretary to the Government of India

To,
All Ministries/Departments of the Government of India
as per standard distribution list

**REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA
FOR THE YEAR ENDED 31 MARCH 2001**

**(CIVIL)
GOVERNMENT OF MAHARASHTRA**

**CHAPTER V
CO-OPERATION AND TEXTILES DEPARTMENT**

5.1 Financial Assistance to co-operative spinning mills

5.1.1 Highlights

Government extends financial assistance to the Co-operative Spinning Mills for erection, rehabilitation, modernisation and expansion of the mills. The assistance is given in the form of share capital contribution, loans, subsidy and guarantee for repayment of loans availed by the mills from financial institutions. A review of the Government assistance to the mills disclosed serious deficiency in the system as public funds were used mostly to finance the loss of the co-operatives.

During 1961-2001, Government released funds to the tune of Rs. 752.44 crore to 116 mills on extraneous considerations and in disregard of the advice of the Planning and Finance departments. (Paragraphs 5.1.6 and 5.1.7.2)

Of the mills who received Government funds, 12 mills with Government investment of Rs. 128.40 crore have been closed, 15 mills with Government investment of Rs. 68.13 crore are under liquidation and 39 mills have suffered accumulated loss of Rs. 381.67 crore. Government investment in these mills has thus become dead investment. (Paragraph 5.1.6)

Department failed to take penal action against the mills despite misutilisation of financial assistance of Rs. 5.50 crore (Paragraph 5.1.7.5)

Thirty three mills did not create the share capital redemption fund and no dividend on the cumulative investment was declared by any of the mills during 1992-2000. (Paragraphs 5.1.7.6 and 5.1.7.7)

Due to incompleteness and non-maintenance of records, the department did not know the exact amount of share capital, loan and subsidy released to the mills and the amount due to be recovered from the mills. (Paragraph 5.1.9)

There was no proper procedure in place to monitor progress of the mills and evaluate their activities. (Paragraph 5.1.11.2)

5.1.2 Introduction

State Government has been assisting the Co-operative Spinning Mills (mills) with the objectives of (i) developing agro-based industries in rural sector, (ii) converting agricultural material into industrially saleable finished goods so as to fetch remunerative price for the agricultural produce, (iii) improving

the financial status of the rural agriculturist and (iv) fulfilling the supply of hank yarn to the weavers at reasonable price. To achieve these objectives, the Government extends financial assistance to the Co-operative Spinning Mills for erection, rehabilitation, modernisation and expansion of the mills. The assistance is given in the form of share capital contribution, loans, subsidy and guarantee for repayment of loans availed by

**विद्यापीठीय व महाविद्यालयीन अध्यापकांना कुंठीत वेतनवाढी मंजूर
करण्यासंबंधीच्या घटनाक्रमाचा आढावा- डॉ.एकनाथ कठाळे**

क्रमांक १ वर महाराष्ट्र शासनाच्या वित्त विभागाचा शासन निर्णय. क्र. वेतन - १०९९/प्र.क्र.१/९९ सेवा, मंत्रालय मुंबई दिनांक २५ जानेवारी १९९९ तसेच **क्रमांक २ वर** उच्च व तंत्र शिक्षण सेवायोजन विभागाचा शासन निर्णय : एनजीसी १३९५/६१२८५/(३१६७) विशि-४ मंत्रालय विस्तार भवन, मुंबई-४०० ०३२ दिनांकीत १४ सप्टेंबर १९९९ अन्वये कुंठीत वेतनवाढी देण्याच्या संदर्भात स्पष्ट निदेश असतांना सुद्धा अनुदानित महाविद्यालयातील कुंठीत वेतनवाढीस पात्र असलेल्या प्राध्यापकांना मात्र त्यापासून वंचित ठेवण्यात आले होते.

२. कुंठीत वेतनवाढी फक्त शासकीय महाविद्यालयातील प्राध्यापकांनाच मिळू शकतात अशी विभागीय सहसंचालकांनी भूमिका घेवून पात्र असलेल्या प्राध्यापकांची प्रकरणे नाकारली होती. संघटनेच्या मार्गदर्शानुसार अशा प्राध्यापकांनी संचालक, उच्च शिक्षण व सचिव उच्च शिक्षण यांचेशी पत्रव्यवहार करून व त्याचा सतत पाठपूरावा केल्यामुळे संचालक, उच्च शिक्षण म.रा. पुणे यांना कुंठीत वेतनवाढी संदर्भात स्पष्टीकरणार्थ दिनांक १५.११.२००३ ला आदेश प्रसृत करावा लागला. हा आदेश **क्रमांक ३ वर** प्रसृत केलेला आहे.

३. एवढे सर्व झाल्यावरसुद्धा मा. सहसंचालकांच्या कार्यालयातून याबाबत अम्मलबजावणी होत नव्हती. संघटनेच्या पदाधिकाऱ्यांची २८.११.२००३ रोजी सहसंचालकांच्या कार्यालयात बैठक झाली व या संदर्भात त्यांनी २८.११.२००३ रोजीच याबाबतचे निर्गमित केलेले आदेश **क्रमांक ४ वर** दिलेले आहेत २८.११.२००३ रोजीच्या पदाधिकाऱ्यांशी झालेल्या बैठकीचे कार्यवृत्त मा. सहसंचालकांनी ६.२.२००४ च्या पत्रान्वये संघटनेच्या सचिवांना पाठविले ते **क्रमांक ५ वर** प्रसृत केलेले आहे.

४. पाचव्या वेतन आयोगाच्या सुधारित वेतनश्रेणीच्या अंमलबजावणीमध्ये अनुदानित महाविद्यालयातील ज्या प्राध्यापकांची वेतननिश्चिती १२०००-४२०-१८३०० मध्ये झालेली असेल व जे रु. १८,३००/- ह्या कमाल वेतनावर कुंठित (Stagnant) झाले असतील अशांना १८,३०० वर कुठित झालेल्या दिनांकापासून दोन वर्षांनी एक वेतनवाढ प्राप्त होवू शकते. अशा कमाल तीन वेतनवाढी मिळण्याचे प्रावधान उपरोक्त उल्लेखित शासकीय आदेशामध्ये आहे. उदा. १.१.२००० ला १२०००-१८३०० च्या वेतनश्रेणीत जो प्राध्यापक रु. १८३०० ह्या कमाल वेतनावर कुंठित झालेला असेल अशाला दोन वर्षांनी म्हणजे १.१.२००२ ह्या दिनांकाला एक वेतनवाढ मिळू शकेल व ही वेतनवाढ वेतनश्रेणीमध्ये घेतलेल्या शेवटच्या वेतनवाढीच्या दराच्या समतुल्य असेल.

५. अशा प्राध्यापकांनी महाविद्यालयाच्या प्राचार्यामार्फत सेवापुस्तिकेत नोंद करून विभागीय सहसंचालकांच्या कार्यालयामध्ये प्रस्ताव सेवापुस्तिकेसह सादर करावेत.

१५.३.२००४

डॉ.एकनाथ कठाळे, सचिव, (नुटा)

the mills from financial institutions.

5.1.3 Organisational set up

The Principal Secretary, Co-operation and Textiles Department is overall incharge to oversee the activities of the Co-operative Spinning Mills. The Director of Handlooms, Powerlooms and Textiles (Director, HPT), Nagpur and four Regional Deputy Directors (RDDs) located in Mumbai, Aurangabad, Nagpur and Solapur execute the Government policies and monitor the activities of the mills.

5.1.4 Scope of Audit

Records covering the period 1996-2001 of the Co-operation and Textiles Department in Mantralaya, Director, Handlooms, Powerlooms and Textiles, Nagpur, four regional Deputy Directors and ten mills were reviewed between

February and April 2001 to assess the adequacy and effectiveness of the mechanism to monitor the release, utilisation and recovery of the financial assistance given by the Government to the Co-operative Spinning Mills. The audit findings are discussed in the succeeding paragraphs.

5.1.5 Financial Assistance

Short release of financial assistance to the Spinning Mills

The department did not maintain complete details of financial assistance released to the mills due to deficient and poor maintenance of the records as discussed in paragraph 5.1.9. The budget provision and amounts released by Government to the Co-operative Spinning Mills during 1996-2001 as compiled by Audit is as follows :

(Rupees in crore)

Year/Source	Share Capital		Govt. Loans		Subsidy	
	Provi sion	Expen diture	Provi sion	Expen diture	Provi sion	Expen diture
1996-97 State NCDC ¹	66.58 10.00	66.58 0.46	5.07	3.60	0.21	0.21

(9)

सुधारित वेतनश्रेणीच्या कमाल वेतनावर कुंठीत झालेल्या शासकीय कर्मचाऱ्यांना कुंठीत वेतनवाढी मंजूर करणेबाबत

महाराष्ट्र शासन : वित्त विभाग

शासन निर्णय, क्रमांक : १०९९/प्र.क्र.१/९१ सेवा-३

मंत्रालय, मुंबई ४०० ०३२, दिनांक २५ जानेवारी १९९९

- १) शासननिर्णय, वित्त विभाग क्रमांक वेपूर-१२८८/५७९/सेवा-१० दिनांक १४ ऑक्टोबर १९८८
- २) शासननिर्णय, वित्त विभाग क्रमांक वेपूर-१०९०/प्र.क्र.२२/९४/सेवा-३ दिनांक १२ सप्टेंबर १९९४
- ३) शासननिर्णय, वित्त विभाग क्रमांक वेपूर-१०९४/प्र.क्र.२२/सेवा-१० दिनांक २५ ऑक्टोबर १९९७
- ४) केंद्र शासनाच्या वित्त मंत्रालयाच्या व्यय विभागाचे कार्यालयीन जापन क्रमांक : १(९) ई-III-अ/९७.दिनांक २२ जुलै १९९८

शासन निर्णय

पाचव्या केंद्रीय वेतन आयोगाच्या शिफारसीच्या अनुषंगाने उपरोल्लिखित दिनांक २२ जुलै १९९८ च्या आदेशान्वये जे केंद्र शासकीय कर्मचारी रुपये २२,४०० पेक्षा अधिक कमाल वेतन नसलेल्या त्यांच्या पदांच्या सुधारित वेतनश्रेणीत कुंठीत झाले असतील त्यांना कुंठीत वेतनवाढी मंजूर करण्यात आल्या आहेत.

२) राज्य शासकीय कर्मचाऱ्यांना अशा कुंठीत वेतनवाढीचा लाभ देण्याचा प्रश्न शासनाच्या विचाराधीन होता. शासन असे आदेश देत आहे की जे राज्य शासकीय कर्मचारी महाराष्ट्र नागरी सेवा (सुधारित वेतन) नियम १९९८ खाली सुधारित वेतनश्रेणीची निवड करतील आणि ज्यांच्या वेतनश्रेणीच्या कमाल टप्प्यावर पोहोचतील त्यांना त्यांच्या वेतनश्रेणीच्या कमाल टप्प्यावर दर दोन वर्षे पूर्ण झाल्यावर एक कुंठीत वेतनवाढ मंजूर करावी. ही वेतनवाढ वेतनश्रेणीमध्ये घेतलेल्या शेवटच्या वेतनवाढीच्या दराच्या समतुल्य असेल अशा कमाल तीन वेतनवाढी देण्यात येतील.

३) ज्या शासकीय कर्मचाऱ्यांचे वेतन संबंधित सुधारित वेतनश्रेणीत दिनांक १.१.१९९१ रोजी कमाल वेतनावर निश्चित होईल अशा कर्मचाऱ्यांना दिनांक १ जानेवारी १९९६ पासून गणण्यात यावयाचा दोन वर्षांचा कालावधी पूर्ण झाल्यावर कुंठीत वेतनवाढ अनुज्ञेय होईल. म्हणजेच, दिनांक १.१.१९९८ पूर्वी कोणताही शासकीय कर्मचारी पहिली कुंठीत वेतनवाढ मिळण्यास पात्र होणार नाही. त्याचप्रमाणे असुधारीत वेतनश्रेणीत जर काही कुंठीत वेतनवाढी या आधीच प्राप्त झाल्या असतील तर त्या सुधारित वेतनश्रेणीत अनुज्ञेय होणाऱ्या तीन कमाल वेतनवाढीसाठी जमेस धरण्यात येवू नयेत.

४) सदर कुंठीत वेतनवाढी पदोन्नतीच्या पदावरील वेतन निश्चितीसह महागाई भत्ता, घरभाडे भत्ता, स्थानिक पूरक भत्ता, निवृत्तीवेतनविषयक लाभ इत्यादी सर्व प्रयोजनार्थ विचारात घेण्यात याव्यात.

५) हे आदेश दिनांक १ जानेवारी १९९६ पासून अंमलात येतील.

६) या आदेशाची इंग्रजी प्रत सोबत जोडली आहे.

महाराष्ट्राचे राज्यपाल यांच्या आदेशानुसार व नावाने.

सही
(श.वि. लागवणकर)
शासनाचे उपसचिव

(२)

सुधारित वेतनश्रेणीच्या कमाल वेतनावर कुंठीत झालेल्या कर्मचाऱ्यांना कुंठीत वेतनवाढी मंजूर करणेबाबत विद्यापीठे व संलग्नित महाविद्यालयातील कर्मचारी.

महाराष्ट्र शासन : उच्च व तंत्रशिक्षण विभाग,

शासन निर्णय : एनजीसी १३९५/६१२८५/(३१६७) विशि-४

मंत्रालय विस्तार भवन, मुंबई-४०० ०३२

दिनांक १४ सप्टेंबर १९९९

वाचा : १) शासन निर्णय उच्च व तंत्रशिक्षण आणि सेवायोजन विभाग क्रमांक : एनजीसी १३९५/६१२८५/(३१६७) विशि-४ दिनांक ६ नोव्हेंबर १९९६

२) शासन निर्णय, वित्त विभाग क्रमांक वेतन १०९९/प्र.क्र.१/९९/सेवा-३, दिनांक २५ जानेवारी १९९९

३) शासन अधिसूचना उच्च व तंत्रशिक्षण विभाग क्रमांक एनजीसी/१२९८/१७१०९/(४४६८) विशि-४, दिनांक ४.२.१९९९

शासन निर्णय

शासन निर्णय उच्च व तंत्रशिक्षण आणि सेवायोजन विभाग क्रमांक एनजीसी/१३९५/६१२८५/(३१६७) विशि-४ दिनांक ६.११.१९९६ अन्वये विद्यापीठे व संलग्नित महाविद्यालयांतील शिक्षकेतर कर्मचाऱ्यांना सुधारित वेतनश्रेणीच्या कमाल वेतनावर कुंठीत झालेल्या कर्मचाऱ्यांना मंजूर झालेल्या कुंठीत वेतनवाढी पदोन्नतीच्या पदावर वेतन निश्चिती करतांना विचारांत घेणेबाबतचे आदेश निर्गमित करण्यात आले आहेत. हे आदेश शासकीय कर्मचारी व विद्यापीठे व संलग्नित महाविद्यालयांतील कर्मचारी यांच्यातील समानता लक्षांत घेवून निर्गमित करण्यात आले आहेत.

२) शासन निर्णय, वित्त विभाग क्रमांक वेतन १०९९/प्र.क्र.१/९९/सेवा-३ दिनांक २४.१.१९९९ अन्वये शासकीय कर्मचाऱ्यांच्या बाबतीत लागू केलेले आदेश या आदेशान्वये विद्यापीठे व संलग्नित महाविद्यालयांतील कर्मचाऱ्यांना जसेच्या तसे लागू करण्यात येत आहेत. (शासन निर्णयाची प्रत सोबत जोडली आहे)

३) शिक्षण संचालक, उच्च शिक्षण महाराष्ट्र राज्य, पुणे यांना विनंती की हे आदेश सर्व संबंधितांच्या निदर्शनास आणावे.

४) शासन वित्त विभागाच्या सहमतीने त्यांच्या अनौपचारिक संदर्भ क्रमांक ५१२/९९/सेवा-३, दिनांक १.९.१९९९ अन्वये निर्गमित करण्यात येत आहेत.

महाराष्ट्राचे राज्यपाल यांच्या आदेशानुसार व नावाने.

(अ.मा. भट्टलवार)
शासनाचे अप्पर सचिव

1997-98 State NCDC	21.89 10.00	27.31 Nil	0.11	0.55	0.52	0.40
1998-99 State NCDC	13.64 5.00	14.19 4.00	63.00	58.00	0.40	0.63
1999-2000 State NCDC	35.75 10.00	33.19 4.25	35.37	16.40	1.88	1.14
2000-2001 State NCDC SCP ² , SWD	28.92 176.60 41.00	28.91 15.16 41.00	18.92	25.92	0.52	0.39
Total	419.38	235.05	122.47	104.47	3.53	2.77

The release of fund for Government contribution to the share capital of the Co-operative Spinning Mills was for below the provision made. As against a provision of Rs. 211.60 crore earmarked for assistance through the National Co-operative Development Corporation (NCDC) during 1996-2001, the State Government released an amount of Rs. 23.87 crore only as the NCDC did not approve the projects submitted by the mills.

5.1.6 Investment in the co-operative spinning mills

Many of the mills have either closed or gone into liquidation and Government investment have become a dead loss.

Due to poor maintenance of records, the department did

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विद्यापीठीय व महाविद्यालयीन अध्यापकांना कुंठीत वेतनवाढी मंजूर करण्यासंबंधी मा. शिक्षण संचालक, उच्च शिक्षण, महाराष्ट्र राज्य यांचे निर्देश

क्र. शिसं/उशि/म.रा./कुंठीत वेतन/०३/१३००
शिक्षण संचालनालय, उच्च शिक्षण : महाराष्ट्र राज्य, पुणे-१
दिनांक १५.११.२००३

प्रति,
विभागीय सहसंचालक, नागपूर विभाग, नागपूर

विषय : सुधारित वेतनश्रेणीच्या कमाल वेतनावर कुंठीत झालेल्या कर्मचाऱ्यांना कुंठीत वेतनवाढी मंजूर करणेबाबत. विद्यापीठे व संलग्नित महाविद्यालयातील कर्मचारी.

संदर्भ : १) शासन निर्णय वित्त विभाग क्र. १०९९/प्र.क्र. १/९९ सेवा-३ दिनांक २५.१.१९९९

२) शासन निर्णय उच्च व तंत्र शिक्षण विभाग क्र. एनजीसी-१३९५/६१२८५/(३१६७) विशि-४ दिनांक १४.९.१९९९.

वरील विषयाबाबत कळविण्यात येते की, आपल्या आधिपत्याखालील अशासकीय महाविद्यालये व विद्यापीठातील शिक्षक/शिक्षकेतर कर्मचाऱ्यांची सुधारित वेतनश्रेणीच्या कमाल वेतनावर कुंठीत झालेल्या कर्मचाऱ्यांना कुंठीत वेतनवाढी दिलेल्या नाहीत अशा कर्मचाऱ्यांना कुंठीत वेतनवाढी मंजूर करण्यासाठी संदर्भाकित शासन निर्णयाच्या छायांकित प्रती सोबत जोडलेल्या आहेत.

संदर्भाकित शासन निर्णयानुसार आपल्या आधिपत्याखालील अशासकीय महाविद्यालयातील व विद्यापीठातील शिक्षक/शिक्षकेतर कर्मचाऱ्यांच्या सुधारित वेतनश्रेणीमुळे कुंठीत झालेल्या वेतनवाढी देण्याबाबत संबंधित महाविद्यालयांना व विद्यापीठांना योग्य ते आदेश तात्काळ कळविण्यात यावेत व केलेल्या कार्यवाहीचा तपशील संचालनालयास पाठविण्यात यावा.

शिक्षण संचालक (उच्च शिक्षण)
महाराष्ट्र राज्य, पुणे.

प्रत - कुलसचिव, सर्व अकृषि विद्यापीठे यांच्या माहितीकरिता व योग्य कार्यवाहीकरिता रवाना.

not know the exact and up to the date amount of share capital, loan and subsidy given to the mills. Therefore, Audit had to collect such information from various collateral sources like the budget estimates, sanction orders, balance sheet of the spinning mills etc. There were 255 spinning mills registered under the Maharashtra Co-operative Societies Act, 1960 during 1961 to 2001. Government had given financial assistance in the form of share capital contribution, loan and subsidy amounting to Rs. 752.44 crore (as compiled by Audit) to 116 mills as follows :

S. N.	Present Position of the Mills.	No. of mills	Share Capital	Loan	Subsidy	Total financial assistance
1	Not commissioned	46	262.32	-	1.25	263.57
2	Closed within 06 to 72 months of commissioning	12	53.04	74.86	0.50	128.40
3	Under liquidation	15	14.79	53.34	-	68.13
4	Functioning	43	291.22	-	1.12	292.34
Total		116	621.37	128.20	2.87	752.44

Out of the total 43 mills functioning at present (March 2001), 39 mills have already suffered accumulated loss of Rs. 381.67 crore as of March 1999 and hence the scope for any return on the Government investment of Rs. 292.34 crore in

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क्रमांक : उशि/नाग/२/५९८५/२००३

कार्यालय, सहसंचालक उच्च शिक्षण
नागपूर विभाग, नागपूर

दिनांक २८.११.२००३

प्रति,

१) मा. कुलसचिव, नागपूर विद्यापीठ, नागपूर
२) प्राचार्य/प्राचार्या, सर्व अशासकीय कला व वाणिज्य व विज्ञान अध्यापक आणि विधी महाविद्यालये.

विषय : सुधारित वेतनश्रेणीच्या कमाल वेतनावर कुंठीत झालेल्या कर्मचाऱ्यांना कुंठीत वेतनवाढी मंजूर करणेबाबत.

संदर्भ : मा. शिक्षण संचालक (उच्च शिक्षण) महाराष्ट्र राज्य, पुणे यांचे पत्र क्रमांक. शिसं/उशि/म.रा./कुंठीत वेतन/०३/१३००, दिनांक १५.११.२००३

महोदय,

मा. शिक्षण संचालक (उच्च शिक्षण) महाराष्ट्र राज्य, पुणे यांनी उपरोक्त संदर्भिय पत्रानुसार या कार्यालयास कळविल्याप्रमाणे शासन निर्णय दिनांक २५.१.९९ अन्वये ज्या कर्मचाऱ्यांच्या वेतनश्रेणीची कमालमर्यादा रुपये २२४००/- पेक्षा अधिक नसेल आणि जे सुधारित वेतनश्रेणीच्या कमाल टप्प्यावर दर दोन वर्षे पूर्ण झाल्यावर एक कुंठीत वेतनवाढ मंजूर करावी ही वेतनवाढ वेतनश्रेणीमध्ये घेतलेल्या शेवटच्या वेतनवाढीच्या दराच्या समतुल्य असेल. अशा कमाल ३ वेतनवाढी देण्यात येतील. तसेच ज्या कर्मचाऱ्यांचे वेतन संबंधित सुधारित वेतनश्रेणीत दिनांक १.१.९६ रोजी कमाल वेतनावर निश्चिती होईल अशा कर्मचाऱ्यांना दि. १ जानेवारी १९९६ पासून गणण्यात यावयाच्या दोन वर्षांचा कालावधी पूर्ण झाल्यावर कुंठीत वेतनवाढ अनुज्ञेय होईल. म्हणजेच दि. १.१.९८ पूर्वी कोणताही कर्मचारी पहिली कुंठीत वेतनवाढ मिळण्यास पात्र होणार नाही. त्याचप्रमाणे असुधारित वेतनश्रेणीत जर काही कुंठीत वेतनवाढी आधीच प्राप्त झाल्या असतील तर त्या सुधारित वेतनश्रेणीत अनुज्ञेय होणाऱ्या तीन कमाल वेतनवाढीसाठी जमेस धरण्यात येवू नयेत. असे आदेश निर्गमित केलेले आहेत. तरी आपल्या महाविद्यालयातील व विद्यापीठातील शिक्षक/शिक्षकेतर कर्मचाऱ्यांची सुधारित वेतनश्रेणीच्या कमाल वेतनावर कुंठीत झालेल्या कर्मचाऱ्यांना कुंठीत वेतनवाढी दिलेल्या नाहीत अशा कर्मचाऱ्यांना कुंठीत झालेल्या वेतनवाढी देण्याबाबतची कार्यवाही करावी व केलेल्या कार्यवाहीचा अहवाल या कार्यालयास सादर करावा.

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these mills is remote. Further, 12 mills which received a total assistance of Rs. 128.40 crore were closed between December 1995 and September 2000. They had an accumulated loss of Rs. 153.90 crore by March 1999. Hence the Government investment in these closed mills was a dead loss.

The Director, HPT attributed various reasons for the failure and poor performance of the mills. These were non-availability of adequate technical guidance, lack of maintenance and non-replacement of worn out critical machinery, financial indiscipline in managing the affairs of the mills, inordinate delay in availability of funds leading to increase in project cost and delayed production, increase in use of synthetic yarn and absence of due price for cotton yarn produced by the mills. However, there was no explanation why all these factors were not considered while making huge investment in the mills. Evidently, large-scale accumulated losses and lack of financial viability of the mills were ignored by the Government while

sanctioning and releasing the financial assistance to the mills. As a result large amounts of public funds were put at the risk of non-recovery and loss.

5.1.7 Share capital contribution

5.1.7.1 Erosion of the decision making body

Prior to 1995, the Co-operation and Textiles Department decided the investment proposals by obtaining approval of the Chief Minister without consulting the Planning and Finance Departments. It had decided investment in the share capital of the mills to the tune of Rs. 172.66 crore till 1995. In November 1995, Government decided that proposals for share capital investment in the spinning mills should be examined by the Planning and Finance Departments and submitted to a Cabinet Sub-Committee consisting of the Deputy Chief Minister, the Minister for Co-operation and Textiles and the Finance Minister. The Sub-Committee was to submit its recommendations to the Cabinet Committee for approval. Accordingly, in January 1996, December 1996 and March 1997 the proposals were examined by the Planning and Finance Departments besides the Sub-Committee and approved by the Cabinet. Since March 1998, the proposals were, however, approved by the Sub-Committee as per decision of the Cabinet to the effect that such proposals could be decided by the Sub-Committee itself. However, during 1998-99, this procedure was short circuited as the proposals were not even routed through the Planning and Finance Departments before submission to the Sub-Committee for its approval. Thus, decision making authority was informally delegated from the Cabinet to the Sub-Committee bypassing the Planning and Finance Departments. This was despite the fact that the complexity in deciding the proposals had increased on account of poor financial and physical progress of the mills, limited resources of the State and non fulfilment of the eligibility criteria by the mills. Such dilution of the decision making, process was not justified as there was no proper accountability for putting the public funds at risk due to unwarranted assistance to loss making units.

5.1.7.2 Ad hoc release of share capital contribution

Government released funds to the mills without ensuring their financial viability

As per the Government policy, 45 per cent of the project cost of each mill was to be met by Government, 5 per cent by the members of the mill and the balance 50 per cent by raising loans from the Financial Institutions (FIs). Before approaching the Government for release of the share capital contribution, the mills were required to obtain assurance from the FIs for grant of long term loans and also collect the members share capital contribution to the extent of at least 50 per cent of 5 per cent of the project cost.

Scrutiny of records revealed that Government released (March 1994 to March 2001) share capital to the extent of Rs. 400.52 crore to 60 mills on ad-hoc basis without approval of the project report. Out of Rs. 400.52 crore, Rs. 212.24 crore was paid to 43 mills during the VIII Five Year Plan (1992-97) without any assurance from the FIs for long term loan. Government released the amounts without ensuring the share capital contribution of the members and economic viability of the projects. It released the funds to large number of mills in piece-meal fashion and disproportionate to the requirement. A few such cases of Government decisions on the release of funds during 1996-97 and 1997-98 are discussed below :

In January 1996, the Cooperation and Textiles Department identified 79 mills for Government assistance during the VIII Five Year Plan and submitted a proposal to release the share capital contribution. During vetting of the proposal, the Finance and Planning Departments inter alia pointed out that the project reports of the mills claiming Government assistance had not been approved; there were no project reports in respect of two³ mills; no assurance from the FIs for giving long term loans to the mills was available; contribution of the members share capital was not ensured and in the circumstances of the limited and overall financial position of the State, investment in large number of mills was not appropriate. Despite these factors, the Co-operation and Textiles Department released Rs. 54 crore to 25 mills on ad hoc basis after obtaining the approval of the Cabinet in January 1996.

Aggrieved by non-release of funds and alleging discrimination in release of funds, 4⁴ mills filed a case in the High Court, Mumbai. The Honourable Court directed the Government to release fund to the mills after taking into consideration the norms suggested by the Court. Some of the

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सहसंचालक उच्च शिक्षण, नागपूर विभाग, जुने मॉरिस कॉलेज इमारत, नागपूर

क्र. उशिनाग/स्टेनो/इ.वृ./६६९/२००४ : दिनांक ६.२.२००४

प्रति,
सचिव, नुटा, एन १६२, रेशिमबाग, नागपूर.

विषय : महाविद्यालयीन प्राध्यापकांचे अनिर्णीत प्रश्न.

संदर्भ : आपले पत्र क्र. ७५/एस/२००३, दिनांक २८.११.२००३
महोदय,

वरील संदर्भाकरीत विषयाचे अनुषंगाने दिनांक २८.११.२००३ रोजी दुपारी ४.०० वाजता नुटा संघटनेच्या पदाधिकाऱ्यांची बैठक कार्यालयात बोलाविण्यात आली होती. त्यात आपण दिलेल्या खालील मुद्द्यांवर चर्चा करण्यांत आली.

१) वेतन विलंबाने होत असल्याच्या तक्रारी :

याबाबत नमूद करण्यात येते की, मा. शिक्षण संचालक (उ.शि.) म.रा. पुणे यांचे कार्यालयाकडून वेतन अनुदान प्राप्त होताच या कार्यालयातर्फे वेतन देयक तयार करून लगेच कोषागारात सादर केल्या जाते परंतु कोषागार कार्यालयाकडून देयक पारीत होण्यास विलंब होतो. या कार्यालयाकडून कर्मचाऱ्यांचे वेतन नियमित होण्याबाबत आटोकाट प्रयत्न करण्यात येत आहेत व याची कार्यालयास जाणीव आहे.

२) कुंठीत वेतनवाढीच्या संदर्भातील तक्रारी :

शासन निर्णय दि. ६.११.१९९६ व शासन निर्णय दिनांक २५ जानेवारी १९९९ व शासन निर्णय दिनांक ३ मार्च २००० अंतर्गत कुंठीत वेतनवाढीची प्रकरणे निकाली काढण्यात येत आहेत. या कार्यालयाचे पत्र क्र. उशिनाग/२/५९८५/२००३, दिनांक २८.११.२००३ अन्वये सर्व महाविद्यालयांना सूचना निर्गमित केलेल्या आहेत.

३) स्थान निश्चिती संदर्भातील तक्रारी :

स्थान निश्चितीबाबत या कार्यालयातर्फे तात्काळ कार्यवाही करण्यात येत आहे. या कार्यालयाकडून योग्य प्रतिसाद मिळत नाही हे म्हणणे उचित नाही.

४) वेतन खात्यातील रक्कम इतर खर्चाकरिता वळती करणे :

ज्या महाविद्यालयाचे संचालक वेतन खात्यातील रक्कम इतर खर्चाकरिता वळती करून वेतन विलंबाने देत आहेत अशा महाविद्यालयांकडून माहिती मागविण्यात आली आहे.

५) भविष्य निधी लेख्यांचे वार्षिक विवरण प्राप्त न होणे :

याबाबत महाविद्यालयांकडून माहिती गोळा करून तपासणीनंतर लेख्यांचे काम अद्यावत करण्यासाठी कार्यवाही सुरू आहे. सन २००३-०४ या वर्षात लेख्यांचे वार्षिक विवरणपत्र देण्याचे काम करण्यात येईल.

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norms suggested by the Court were (i) extent of collection of member's share capital (ii) assurance of the FIs for long term loan (iii) progress of the mills (iv) regional imbalance in setting up of the mills and (v) contribution to the mills already made by the Government. In compliance to the Court's directive, the department moved a proposal in December 1996 to release share capital contribution to 19 mills. Again the Finance and Planning Departments pointed out that cases should be decided on merit, the proposal did not specify whether the norms suggested by the Court were fulfilled or not, most of the mills had not mobilised the long term loan from the FIs and even project reports were not prepared by some of the mills. Yet, with the approval of the cabinet, the department released Rs. 31.43 crore on ad hoc basis to 19 mills in March 1997.

During 1997-98 when a proposal for release of funds to 28 mills was moved by the Co-operation and Textile Department, the Planning Department observed (December 1997) that (i) after taking into account Rs. 252.71 crore already released to the mills, about Rs. 827.29 crore would be required to invest in 60 mills planned for assistance during the VIII Five Year Plan and it would take 15 year to make available this much funds. Besides this, Government would have to give guarantee for Rs. 1200 crore of loan to be raised by the mills from the FIs. Difficulty in releasing this much funds would (i) delay erection of the mills and the investment would become unfruitful (ii) no FI was ready to give long term loan to the mills and (iii) despite past investment in the mills, their progress was not satisfactory and further investment was not prudent. The Finance Department also commented that the proposal should be initiated after approval of the project reports and ensuring that the norms suggested by the Court were fulfilled. The department, however, went ahead and released Rs. 22.81 crore to 28 mills on 31 March 1998, after getting the proposal approved by the Cabinet Subcommittee.

A list of few mills who received the assistance and their condition is as follows :-

Sr. Name of the mill No.	Year of release of share capital	Amount of share capital released (Rs in Crore)	Comments of Finance/ Planning Departments	Basis of release	Present Position
1. Prabodhankar Thakre SSG Khatav	1997-98	0.45	Release of financial assistance on ad hoc basis without ensuring financial viability of mill, approval of the project report and long term loan from financial institutions was irregular.	Ad hoc basis	All the mills are still under erection
2. Majalgaon SSG Beed	1997-98	0.75			
3. Narsinha SSG Degloor	1995-96 2000-2001	0.25 0.70			
4. Kedarling SSG, Kolhapur	1995-96 1996-97	1.00 1.00			
5. Balaji SSG, Risod	1995-96 1996-97	1.00 0.75			
6. Shetkari Mahila SSG, Sangole	1997-98 2000-2001	0.45 2.00			
7. Chopde SSG, Chopde	1994-95	2.00			
8. Shirola Taluka SSG, Shirola	1998-99 2000-2001	0.20 0.25			
9. Priyadarshini Anusuchit Jati SSG, Latur	1999-2000	1.00			
10. Indira SSG, Wani	2000-2001	2.00			
11. Matoshri Ramabai SSG, Kolhapur	2000-2001	1.00			
Total		14.80			

The mills referred to in the table were the new ones which required substantial capital in the beginning to construct the building and set up the machinery. As against the Government share of Rs. 198 crore, representing the 45 per cent of the project cost, Government released only Rs. 14.80 crore, which was insignificant and far from the bare requirement of the mills particularly when they had not or were not in a position to mobilise the loan from the FIs.

Thus, Government did not release the funds on economic consideration. Further such decisions were made in disregard of the directives of Courts, advice of the Planning and Finance Departments and actual requirement of the mills.

5.1.7.3 Excess release of share capital

Excess release of Share Capital contribution of Rs. 14.30 Crore to 9 mills.

As per Government Resolution (August 1993), 45 per cent of the project cost should be met from the Government share capital and 5 per cent of the project cost should be met from the members share capital. Whenever Government share capital contribution is released, Government should satisfy itself that for every nine portion of its share capital, one portion had already been subscribed by the members of the mills.

While releasing the share capital contribution to 3 mills during 1993-1997. Government irregularly took into consideration the amount stated in the suspense account of the mills as their members share capital contribution and released Rs. 12.19 crore to the 3⁵ mills instead of Rs. 10.35 crore admissible, resulting in excess release of Rs. 1.84 crore.

In six cases, Government released share capital of Rs. 52.34 crore during 1984-1998, though at the rate proportionate to the members share capital, Government was required to release Rs. 39.88 crore only, thus making excess release of Rs. 12.46 crore. Government stated (November 2000) that in order to get maximum reimbursement of financial assistance from the World Bank through NCDC before June 1992, share capital contribution amounting to Rs. 4.98 crore was released in excess to 3⁶ mills. In respect of the remaining 3⁷ mills, no specific reasons were given by the Government. Release of fund in excess of entitlement was irregular.

5.1.7.4 Idle investment of share capital and subsidy

A mill stopped functioning Since 1994 after availing Government assistance of Rs. 5.57 Crore

A mill at Jaldhara in Nanded district registered in June 1982 received Government share capital contribution of Rs. 4.98 crore, Government subsidy of Rs. 0.59 crore and loan of Rs. 5.97 crore from FIs during March 1983 to March 1994. After incurring an expenditure of Rs. 11.93 crore on land, building, plant, machinery, stores and preliminary expenses, the erection of the mill was stopped since May 1994 due to inability of the mill to raise share capital. Thus, Government investment of Rs. 5.57 crore out of the total investment of Rs. 11.54 crore remained unproductive for over 7 years. Government stated (November 2000) that the Director, HPT would take up a special audit within a period of one month and take the mill under liquidation. In July 2001, the Director, HPT sent the liquidation proposal to the Government. Thus, the department initiated action long after stoppage of erection of the mill at the instance of Audit.

5.1.7.5 Misutilisation of share capital contribution

Three mills misutilised Share Capital contribution of Rs. 5.50 Crore

According to Government Resolution issued in February 1997, in case the mills provided with share capital do not show expected progress in erection, installation of plant and machinery etc, the amount of share capital paid has to be recovered alongwith interest. Scrutiny of records of RDDs, Mumbai and Nagpur revealed that the share capital released by the Government was misutilised by the mills. The RDDs, however, did not take action to recover the interest as mentioned below.

5.1.7.5.1 Share capital of Rs. 39.68 lakh was released (February 1975 and March 1976) by the Government to the Bhivandi Sahakari Spinning Mill for establishment of the mill. The mill instead of utilising the amount, invested it in a bank as fixed deposits for 22 years and refunded only the principal of Rs. 39.68 lakh to the Government in March 1998. The interest of Rs. 49.41 lakh earned on the fixed deposit was retained by the mill. No action was taken by the Director, HPT to recover the amount of interest from the mill or penalise the mill. The Director, HPT stated (October 2001) that share capital contribution was not interest bearing in nature. The reply was not tenable and action was required as the mill had misutilised the fund and earned undue advantage from Government funds.

5.1.7.5.2 Government released (March 1983) Rs. 10 lakh as its share capital on ad hoc basis to Deorao Patil Kapus Utpadak Sahakari Mill, Yavatmal for erection of the mill. As the balance required capital could not be mobilised by the mill,

the Managing Committee did not erect the mill and refunded the amount without interest after a lapse of 5 to 9 years (between September 1988 and March 1992). The Government admitted the blocking of the share capital for 9 years.

5.1.7.5.3 The Dongarai (Mahalaxmi) Sahakari Soot Girmi, Kadepur, district Sangli received (May 1994 and January 1996) assistance of Rs. 5 crore from the Government as share capital and Rs. 4.65 crore as loan from the FIs for construction of building and purchase of machinery. The mill did not utilise the funds for such purposes and invested an amount of Rs. 5.30 crore in three other mills, one co-operative society and one Bank.

In the above instances, the department failed to take penal action despite misutilisation of the financial assistance of Rs. 5.50 crore by the mills and the RDDs failed to watch proper utilisation of the financial assistance.

5.1.7.6 Redemption fund

33 mills did not create redemption fund against Government investment of Rs. 181.41 Crore

As per the terms and conditions prescribed by the Government in January 1982 and amended from time to time, share capital contribution of the Government was redeemable to the Government after 20 years from the date of release of contribution. To facilitate redemption of the share capital, the mill was required to create a share capital redemption fund by crediting to the fund an amount equal to minimum one fifteenth of the Government share capital contribution every year, commencing from the fifth year after receipt of the share capital contribution. In March 1999, Government instructed that 1/15 of the share capital contributed by the Government should be credited to the Government account commencing from the fifth year from the date of commercial production or the date of release of last instalment of the share capital whichever was later.

Audit scrutiny revealed that 33 out of 68 mills had not created the redemption fund against Government share capital of Rs. 181.41 crore. As against an amount of Rs. 14.96 crore due for redemption from 18 mills, only 6 mills redeemed Rs. 1.83 crore to the Government. The Director, HPT stated (May/October 2001) that information about creation of redemption fund and reasons for the non-creation of redemption fund have not been received from the RDDs. He further stated that all the RDDs had been asked to ensure that the mills take action as contemplated in the Government instruction issued in March 1999. The reply is not tenable as Director HPT, Nagpur and RDDs were required to ensure compliance of Government instructions and there was no valid explanation as to why they failed to do so.

5.1.7.7 Dividend

Dividend, if any, declared by the mills was required to be credited by the mills to the Government account within a period of 3 months from the date of its declaration. The Government received dividend of Rs. 19.54 lakh (0.16 per cent of total capital invested by the Government) from the mills during 1990-91 on the investment of Rs. 120.22 crore made by the Government upto 1990-91. No dividend on the cumulative investment of Rs. 360.18 crore was declared by any of the mills during 1991-92 to 1999-2000.

The Director, HPT stated (May 2001) that almost all the mills suffered accumulated losses and 15 mills were under liquidation. Lack of return on the Government investment indicated that the assistance given by the Government to the mills were without any consideration for either the safety of the investments or return from such investments. These investments thus practically amounted to gratuitous assistance without any obligation on the part of the recipients.

5.1.8 Government loans

5.1.8.1 Long term loan guaranteed by the Government

Government paid Rs. 14.50 Crore to the FIs due to failure of the mills to repay the loan availed by them.

The Financial Institutions provide long term loan to the extent of 50 per cent of the project cost to the mills on the strength of guarantee given by the Government. The guarantees given by the Government constitute contingent liabilities to the Government. The mills were required to pay guarantee fee to the Government at the rate of Re 0.50 per Rs. 100 per annum upto 31 October 1988 and Re 1.00 per Rs. 100 per annum thereafter. According to the information supplied by the Director, HPT in April 2000, as against Rs. 541.20 crore of long term loan sanctioned by the FIs to the mills till March

2000 and guaranteed by the Government, an amount of Rs. 398.87 crore remained to be repaid by twenty nine mills as of March 2000. Similarly guarantee fee of Rs. 4.79 crore out of Rs. 7.28 crore was due to be recovered from the mills. However, basic records showing the millwise and yearwise position of the loans availed by the mills, outstanding loans and guarantee fee recoverable were not available with the Director, HPT till May 2001 and hence the information furnished by the Director was not verifiable by Audit. While furnishing the above information, the Director and the Government stated (November 2000) that information complied by them was incomplete due to non availability of relevant documents.

It was noticed that Government as guarantor had to discharge guarantees for Rs. 14.50 crore to the FIs during 1992-93 to 1997-98 due to failure of the mills to repay the loans to the FIs. In the context of this payment and other liability, it was all the more necessary that the department maintained proper details of guarantee fee etc. due for recovery and effect the recovery.

5.1.8.2 Non-recovery of Government loan

Government did not recover loan and interest of Rs. 38.50 Crore from 19 mills

The Government loan was to be repaid in five equal annual instalments after one year of release of the loan. The RDDs were responsible for watching the recovery of loan and interest thereto. A test-check of Government loan of Rs. 19.73 crore released to 19 mills during 1976 to 1997 for rehabilitation of the mills, repayment of loan and interest due to FIs and payment of sales tax and wages, revealed that though Rs. 38.50 crore (principal Rs. 19.04 crore and interest Rs. 19.46 crore) was due for recovery as of March 2001, nothing was recovered from the mills as of May 2001. The department did not have the details of the overall position of the loan released, recovery made and the outstanding loan and was thus evidently not monitoring the recovery of loans and interest.

The Director, HPT stated (May 2001) that out of the 19 mills, 11 mills were under liquidation, 5 mills were closed and the remaining 3 mills were running in losses. He further stated that the Government dues would be recovered from the sale proceeds of the liquidated mills and efforts would be made to recover the dues from the other mills. He further stated (November 2001) that powers of recovery have been vested with the District Deputy Registrar of Co-operative Societies (DDRCS) and his Directorate was pursuing the matter with the DDRCS. The reply is not tenable as watching repayment of the loans by the mills is the responsibility of the RDDs and only in the case of recovery as arrears of land revenue, the responsibility lies with the DDRCS.

5.1.8.3 Misutilisation of Government loan

Government sanctioned (March 1997) a loan of Rs. 3.54 crore to the Dongarai Shetkari Vinkar Spinning Mills, Kadepur in Sangli district for repayment of loan availed by the mills from the FIs. However, the mill repaid only Rs. 1.50 crore to the FIs and balance of Rs. 2.04 crore was used for renovation of machinery and building and payment to cotton growers/traders.

The Director, HPT stated (May 2001) that the mill was asked to furnish explanation for misutilisation of the loan sanctioned by the Government.

5.1.9 Poor maintenance of registers

Department did not know the amount of funds released to the mills and amounts due to be recovered

The Director, HPT and RDDs were required to maintain records of share capital, loan, subsidy, guarantee fee etc. to keep account of total payment made to the mills, principal amount of loan and interest and guarantee fee due for recovery from the mills. It was observed that Registers of share capital, loan, subsidy and guarantee were either incomplete or not maintained at all. The Director, HPT and the RDDs stated in April 2000 that they had undertaken the work of collecting the information and all out efforts would be made to complete the records. Government stated (November 2000) that the Government Resolutions (GRs) sanctioning the share capital and loan were not received by the Director, HPT and information on long term loan sanctioned by the FIs was also not furnished to the Director by the Concerned Institutions.

Further scrutiny of the records at RDDs and Director HPT in May 2001 revealed that these records continued to be incomplete. The Director stated (May 2001) that it was still not possible for the Directorate to complete the records

because of non availability of concerned GRs sanctioning the loan and share capital and relevant informations from the RDDs, spinning mills and the FIs. He added that efforts were being made to bring the records upto date. In the absence of proper maintenance of these records, correctness of the amount released, utilisation of the financial assistance by the mills and position of outstanding loan, guarantee fee due and recovered etc. could not be verified by Audit. Government needs to address the issue of poor/incomplete record maintenance by the Director, HPT and the RDDs.

5.1.10 Other points of interest

5.1.10.1 Wanting utilisation certificate

With a view to facilitate the Scheduled Caste (SC) and Neo Buddhist members of the co-operative mills to buy shares of the mills, Government gives subsidy to the mills. The mills in turn have to distribute the share certificates to the SC/Neo Buddhist members on receipt of a token payment of Rs 200 for each share from such members. Subsidy of Rs. 2.77 crore was released by the Director, HPT to 15 mills during 1996-97 to 2000-2001 for purchase of share by the SC and Neo Buddhist members. The Director, HPT was to ensure actual utilisation of the subsidy released to the mills. However, the Director, HPT did not maintain any record to watch utilisation of the subsidy. The Director, HPT stated that the RDDs had already been instructed to verify the position by visiting the mills and maintain appropriate record. He added that the work of updating the utilisation of subsidy was incomplete and being pursued.

5.1.10.2 Irregular release of financial assistance

The NCDC approved (May 1995) the State Government's proposal for financial assistance to the Ichalkaranji Co-operative Spinning Mills, Ichalkaranji, District Kolhapur. Scrutiny of records of the Director, HPT, revealed (March 2001) that Government released (July 1995) Rs. 3.25 crore as share capital contribution on behalf of NCDC to the mill on the conditions that repayment of the amount should be made within a period of 5 years with interest at the rate of 16.75 per cent per annum. When Government claimed the reimbursement from the NCDC, the latter refused (September 1995) on the grounds that the condition of charging interest at 16.75 percent per annum and repayment in 5 years time was not acceptable to the NCDC. Hence, the Government cancelled (March 1996) the earlier release order and directed the mill to repay the amount of Rs. 3.25 crore immediately in one instalment. The amount was not refunded by the mill till October 2001. Thus, release of Rs. 3.25 crore as share capital with unusual terms of repayment in 5 years time and with interest was irregular. The Director, HPT, stated (May 2001) that a proposal for conversion of the aforesaid amount as share capital had been submitted to the Government (March 2000) and Government decision was awaited (May 2001)

5.1.10.3 Regional imbalance

Contrary to the Government policy, more mills were set up in the non-cotton producing area

As early as in August 1993, Government decided to establish 70 per cent of the spinning mills in cotton producing areas and the balance 30 per cent in non-cotton producing areas so as to safeguard the interest of cotton producers. The position of area under cotton and the number of spinning mills set up with Government assistance in the four regions of the State is indicated in the following table :-

Area under cotton cultivation in lakh hectare

Region	96-97	1997-98	1998-99	1999-00	2000-01	Percentage of area	Number of Mills
Nagpur	16.72	16.14	15.01	16.23	16.12	51.43	26
Aurangabad	9.55	10.00	11.18	11.61	9.95	33.52	23
Mumbai	3.91	4.68	4.75	5.35	4.13	14.63	18
Solapur	0.12	0.14	0.16	0.20	-	0.42	49
Total	30.30	30.96	31.10	33.39	30.20	100.00	116

Out of 116 mills which received Government assistance, only 49 mills (42 per cent) are located in the Nagpur and Aurangabad regions which have 85 per cent of the area under cotton in the State. Whereas, the Solapur region which accounts for less than 1 per cent of the area has 49 mills (42 per cent). It is thus evident that Government had not followed its policy of setting up of more mills in the cotton producing areas.

5.1.11 Monitoring and Evaluation

5.1.11.1 Inspection of the spinning mills

Shortfall in inspection of the mills by the RDDs.

5.1.11.1.1 To ensure adherence to the financial norms by the mills and proper utilisation of the assistance, each of the RDDs was required to inspect 24 mills every year. Audit scrutiny revealed shortfall in the number of inspections carried out by the RDDs, Aurangabad, Mumbai, Nagpur and Solapur during 1996-2001 as given in the table below :-

Year	Aurangabad		Mumbai		Nagpur		Solapur		
	Target	Actual inspection	Short -fall	Actual inspection	Short -fall	Actual inspection	Short -fall	Actual inspection	Short -fall
1996-97	24	8	16	16	8	6	18	22	2
1997-98	24	7	17	14	10	14	10	11	13
1998-99	24	3	21	11	13	18	6	16	8
1999-00	24	1	23	10	14	8	16	20	4
2000-01	24	-	24	5	19	7	17	6	18

The shortfall was 16 to 24 inspections in the case of RDD Aurangabad, 8 to 19 inspections in the case of RDD Mumbai, 6 to 18 inspections in the case of RDD Nagpur and 2 to 18 inspections in the case of RDD Solapur during 1996-2001. Details regarding nature of the inspections and follow up action taken on the basis of inspections were not made available to audit. The Director, HPT stated (May 2001) that efforts would be made to achieve the targets during the current year.

5.1.11.1.2 Every month, the Executive Engineers (EEs) and Junior Engineers (JEs) attached to the RDDs were required to visit two mills under erection. However, records showing the inspections undertaken were not maintained by these officers. The Director, HPT admitted (May 2001) that record regarding inspections carried out by the EEs/JEs was not maintained and steps would be taken to inspect construction of the mills, after chalking out programme for inspection.

The shortfall in inspections by the RDDs and the EEs/JEs was one of the reasons for various shortcomings relating to monitoring of the Government investment.

5.1.11.2 Monitoring

The Government of Maharashtra had to set up the Maharashtra State Co-operative Council as required to be constituted under section 154 A of the Maharashtra Co-operative Act, 1960. However, no such body was setup till date (November 2001).

There was also no systematic procedure in place to monitor the progress of setting up of the mills and evaluate their activities by the department. Scrutiny of records of the Director, HPT, Nagpur (March 2001) revealed that the mills were irregular in submission of the prescribed reports like A and B statement, cost sheet etc. But no action was taken against the mills for irregular / non-submission of the reports and monitoring of the mills suffered to that extent too. Government agreed (November 2000) that monitoring methods implemented presently were inadequate and efforts would be made to reorganise the monitoring machinery.

To sum up, the department released the financial assistance to the mills injudiciously without ensuring the financial viability, did not have complete records to note the details of loan and share capital released to the mills and watch recovery of the dues and in the absence of records its effort to watch utilisation of the fund and recovery of dues etc. was ineffective and it did not have effective internal control to monitor performance of the mills. Most of the mills are loss making and the entire Government investment is a dead investment.

The above points were referred to the Director, HPT, Nagpur in July 2001 and to the Secretary to the Government in July 2001 and followed up with reminder in September 2001. However, no reply has been received (December 2001).

Notes

1. National Co-operative Development Corporation
2. Special Component Plan of the Social Welfare Department
3. Balaji Sahakari Soot Girmi, Risod and Sant Jagmitra Sahakari Soot Girmi Tokewadi (Parbhani)
4. Swami Ramanand Bharti Sangli, Sagareshwar Kadegaon Sangli, Jaswant Sootgirmi Ambad Jalna, Gajanan Sootgirmi Beed
5. Yogeshwari Sahakari Soot Girmi (SSG), Beed, Jawahar SSG Dhamangaon, Mouli, SSG Beed.
6. i) Jalna, Vibhag SSG, Jalna, (ii) Santa Gadgebaba SSG, Daryapur and (iii) Akot Taluka SSG, Akot
7. Shetkari SSG, Beed, Shetkari SSG, Sangole, Matsyodari SSG, Jalna

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY,
NAGPUR BENCH, NAGPUR
WRIT PETITION NO. 1612 OF 1991**

1) Dr. N.M.Nimdeokar, 2) Dr.U.M.Meshram, 3) Dr. P.N.Purekar 4) Dr. C.R.Vakhande, 5) Dr. L.T.Gulhane, 6) Dr. R.M.Acharya, 7) Dr. V.R.Pasarkar, 8) Dr. P.B.Puranik, 9) Dr. V.G.Joshi. All C/o Dr. N.M.Nimdeokar, Reader, Shivaji Society College, Congress Nagar, Nagpur **Petitioners**

VERSUS

1) State of Maharashtra, through its secretary, Education and Employment Department, Mantralaya Annexe Bombay-32, 2) University Grants Commission, Bahadursingh Zafar Marg, New Delhi-110 002, 3) Nagpur University through its Registrar, Civil Lines, Nagpur, 4) Administrative Officer, Higher Grants, Old Morris College Bldg. Civil Lines, Nagpur. ... **Respondents.**

Mr. N.H.Agnihotri, Advocate, for the petitioners, Mr.Y.B.Mandpe, A.G.P. for the respondent nos. 1,2 & 4 Smt. A.P.Shinde, Advocate, for the respondent no. 3

CORAM : R.K.BATTA & V.M.KANADE. JJ

DATED : 2ND AUGUST, 2002.

Oral Judgment (per V.M.Kanade, J)

The petitioners, in this petition, have filed this petition under Article 226 of the constitution of India.

2. Brief facts giving rise to the present petition are as follows

The petitioner have filed this petition and are seeking the following reliefs :

(1) Direct the respondents to grant benefit of 3 increments as on 1.1.1986 and further direct payment of arrears alongwith interest at the market rate upon such fixation of pay in the scale Rs. 3700-5700/-

(ii) Direct the respondents to protect the pay scale of the petitioners from that of their juniors in service by stepping up the same and further remove the bunching of pay beyond 15th or 16th stage by granting 3 advance increments.

(iii) any other relief, which this Hon'ble court deems fit and proper in the circumstance of the case, may be granted.

3. When the petition was called out for hearing, learned counsel appearing on behalf of the petitioners, has frankly conceded that he was not pressing for relief as prayed by him in clause (ii)

4. The petitioners are working as readers in the affiliated colleges of the Nagpur University. All the petitioners were having qualifications of M.SC., Ph.D. and it is an admitted position that as on 27.2.1989, the petitioners were M.Sc., Ph.D. and had put in 30 years of service, It is the case of the petitioners that the recommendations made by the Fourth pay Commission were accepted by the Government

of Maharashtra vide Government Resolution dated 27.2.1989. The salient feature of this revision of pay scale was that the pay scale of Rs. 700-1600/- was divided into three grades and different pay scales were provided for those grades. It is the case of the petitioners that their case squarely fell in Table IV. Table IV is as follows.

Table IV Table showing the revision of pay grade for lecturers (selection G.R.) Rs. 3700-5700/-) as per G.R. Dated 27.2.1989			
Sr. No.	Qualification	Years of Service	Fixation of as per G.R. dt. 27.2.1989
1.	M.Sc.	16 Years.	Fixed in the selection grade of Rs. 3700-5700/- at the initial stage
2.	M.Sc. M.Phil.	15 Years	-do-
3.	M.Sc. Ph.D.	13 years	-do

5. The case of the petitioners fell under caption Sr. No. 3 and , therefore, as per the Government Resolution, they were entitled to get three increments as on 1.1.1986. upon fixation of pay in the scale of Rs. 3700-5700. The petitioners were not given these three increments as on 1.1.1986 and, therefore, they are challenging the said action on the part of the respondents and are claiming the benefit of three increments as on 1.1.1986 and arrears with interest at the market rate, upon the fixation of pay in the scale of 3700-5700/-.

6. The Government has filed an affidavit, in which they have admitted that all the petitioners fall under the category at Sr.No. 3 and that they had completed their M.Sc. and Ph.D. and had put in 30 years of service. However, the respondents have calculated the three increments in respect of their basic pay of 1400/-

7. In our view, the respondents have clearly erred in calculating the three increments in respect of the earlier basic scale and they ought to have calculated the three increments on the basis of the scale fixed at Rs. 3700-5700/- and the three increments ought to have been granted on the same basis. In this view of the matter, the petitioners are entitled to get three increments as on 1.1.1986 in the pay scale of Rs. 3700-5700-

8. The writ petition is, therefore, allowed in terms of prayer clause (i). Under the circumstances, there shall be no order as to costs.

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