

2. The important recommendations made by the Committee are:—

- (i) To cover the effect of inflation over the long period of formulation and construction of project, the estimates should be enhanced after considering a suitable yearly escalation factor.
- (ii) Projects should be properly investigated before submission of the feasibility reports. For very big projects costing over Rs. 30 crores, only an 'Investigation Estimate' should be sanctioned in the first stage.
- (iii) Preparation of completion reports should be insisted upon and finalised within two to three years of commissioning the projects so that advantage may be taken of these reports in preparing estimates of future projects adequately.
- (iv) Changes in scope should be avoided as far as possible. If such modification is included in the estimate it should be sanctioned as a 'modified estimate'.
- (v) Because of the complex nature of projects every item and requirement cannot be visualised at the stage of preparation of feasibility report however adequate the investigations may have been. To make the estimate more realistic the estimated cost of works items should be enhanced with a suitable factor which may be called "Margin of error". The percentages necessary to be applied for the purpose have been suggested.
- (vi) A broad national policy on rehabilitation should be evolved.
- (vii) Projects should be planned in phases and taken up phase by phase. Once a project has been approved, funds should be made available fully for its execution.

(viii) A study should be made and revised outputs of indigenous equipment and machinery laid down for adopting as basis for preparation of estimates. Manufacturers of indigenous equipment should give better service to their customers.

(ix) Adequate delegation of powers, need for continuity of key personnel, training, and adoption of modern management techniques have been stressed.

The report has been circulated to the State Governments, Union Territories and concerned Ministries and the Departments of the Central Government for their views on the Committee's recommendations.

#### Conference of State Ministers of Irrigation and Power at Kodaikanal

1291. SHRI SUKHDEO PRASAD VERMA:

SHRI R. V. SWAMINATHAN:

Will the Minister of IRRIGATION AND POWER be pleased to state:

(a) whether a Conference of the State Ministers of Irrigation and Power was held recently at Kodaikanal; and

(b) if so, the major points discussed and the decision taken at the Conference?

THE DEPUTY MINISTER IN THE MINISTRY OF IRRIGATION AND POWER (SHRI BALGOVIND VERMA):

(a) Yes, Sir.

(b) A statement giving the information is attached.

#### Statement

The seventh Conference of State Ministers of Irrigation and Power held at Kodaikanal on July 3-4, 1973, discussed and reviewed the programmes and performance in the fields of irrigation, power and rural electrification. The bottlenecks faced in the implementation of the programmes were brought out and the steps considered necessary to overcome them

were discussed. The Conference recommended the setting up of two Committees of Ministers—one, to review the modern trends in water resources development, utilisation and management and the other, to advise on the strategy for power development during the decade 1981—90.

The Report of the Committee of Ministers, appointed by the Sixth Conference, on under-utilisation of irrigation potential was considered and Central and State Governments were requested to initiate expeditious action to implement the valuable suggestions made in the Report. The Report of the Committee of Ministers on indigenous plant and equipment was also considered and the views of the Committee that the requirements of plant and equipment for the Fifth Plan should be determined on the need-based minimum and that steps should be taken to import plant and equipment to the extent such supplies cannot be met from indigenous sources on schedule were endorsed. The Conference recommended that a Steering Committee, comprising of the concerned Ministers of the Central and State Governments, be appointed for guiding the power programme including timely supply of generating plant and equipment for the projects to be undertaken during the Fifth Plan. The Conference also recommended that the State Governments, the State Mining Corporation or the State Electricity Boards might be permitted to undertake mining activities to supplement coal supply to thermal power stations. The other important recommendations made by the Conference were:

#### **Irrigation**

- (1) While formulating new irrigation projects, the need to make optimum utilisation of the scarce water resources of the country—both surface and ground—should always be kept in view. The State Governments were advised to set up adequate organisational structures for continuous and effective coordination between different Departments.
- (2) State Governments should set up machinery to make a systematic

evaluation of the completed irrigation projects and to evolve suitably guidelines for the planning of new projects and improvement of the projects already in operation.

- (3) State Governments should consider the question of increasing water rates to raise additional resources.
- (4) Government of India should make adequate provision for funds including special assistance to enable State Governments to complete all medium and minor irrigation works taken up in drought stricken areas under 64-F.

#### **Power**

- (5) The power generation targets for the Fifth Plan should provide for at least 20 million KW of additional capacity, without which the industrial and agricultural growth will be adversely affected. Another 10 per cent of generating capacity over this target would be need to cover likely slippages and retirement of old machinery.
- (6) The State Electricity Boards should undertake studies to evolve practical measures to minimise the system energy losses.
- (7) The price structure of coal should be linked primarily with its calorific value and ash moisture content. The State Electricity Boards should not be called upon to pay prices higher than those agreed upon prior to nationalisation of coal industries and the price should be fixed in future in consultation with the Power Supply Industry.
- (8) With the growing system capacities and increasing need for integrated operation, adequate facilities should be provided for inter-State transfer of surplus

power. Inter-State lines and establishment of load despatching stations should be completed expeditiously.

(9) To ensure that lack of finances does not stand in the way of expeditious implementation of power projects, the Centre should consider financing projects where a State Government is unable to find necessary funds from its own plan allocation. Alternatively, suitable financing institutions like the REC should be set up or borrowings from commercial banks or public financial institutions permitted.

(10) The requirements of steel and cement for irrigation and power projects should be given high priority.

**Rural Electrification**

The State Government should accelerate the pace of electrification of Harijan basis so that the maximum number of bastis are electrified during the Silver Jubilee Year before the 14th August, 1973.

**Setting up of a Committee to plan out power generation programme of states which have exhausted resources in generation of Hydel Power**

1292. SHRI SUKHDEO PRASAD VERMA: Will the Minister of IRRIGATION AND POWER be pleased to state:

(a) whether Government propose to set up a Committee to plan out power generation programme of the States, which had exhausted their resources in generation of hydel power; and

(b) if so, the main features thereof?

THE DEPUTY MINISTER IN THE MINISTRY OF IRRIGATION AND POWER (SHRI BALGOVIND VERMA): (a) and (b). The matter is under consideration.

**Demand from Foreign Oil Companies for implementation of Shantilal Shah Committee formula regarding crude oil prices**

1293. SHRI SUKHDEO PRASAD VERMA: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether the foreign Oil Companies, Burmah Shell and Caltex, urged Government to enforce the Shantilal Shah Committee formula strictly in regard to the increase in the price of crude oil; and

(b) if so, the reaction of Government thereto?

THE DEPUTY MINISTER IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI DALBIR SINGH):

(a) Yes, Sir.

(b) The question of recognising higher crude oil prices for fixing product prices is under consideration.

**Setting up of a Thermal Power Plant at Ropar, Punjab**

1294. SHRI SUKHDEO PRASAD VERMA: Will the Minister of IRRIGATION AND POWER be pleased to state:

(a) whether the Punjab Government's proposal to set up a thermal power plant at Ropar has been turned down by the Central Government; and

(b) if so, the reasons for the rejection?

THE DEPUTY MINISTER IN THE MINISTRY OF IRRIGATION AND POWER (SHRI BALGOVIND VERMA):

(a) and (b). The project report for this scheme was received by the Central Water and Power Commission towards the end of May 1971 and the details thereof were discussed with the project authorities in November, 1971 when certain clarifications were called for. These are awaited from the Punjab State Electricity Board.