

PUBLIC ACCOUNTS COMMITTEE
1953-54

ELEVENTH REPORT

Hirakud Dam Project



LOK SABHA SECRETARIAT
NEW DELHI
June, 1954

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE,
1953-54.**

Shri B. Das—*Chairman.*

Members

2. Shri Ranbir Singh Chaudhuri.
3. Shri Hari Vinayak Pataskar.
4. *Dr. Mono Mohon Das.
5. Shri Tribhuan Narayan Singh.
6. Shri M. L. Dwivedi.
7. Pandit Munishwar Dutt Upadhyay.
8. Prof. Shriman Narayan Agarwal.
9. Shri Shree Narayan Das.
10. Shri B. Ramachandra Reddi.
11. Shri Uma Charan Patnaik.
12. Pandit Krishna Chandra Sharma.
13. Shri K. M. Vallatharas.
14. Shri V. P. Nayar.
15. Shri G. D. Somani.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakhder—*Joint Secretary.*

*Resigned on the 24th December, 1953.

I

INTRODUCTION

In the Chairman of the Public Accounts Committee, having been authorised by the Committee to present the report on their behalf, present this Eleventh Report on the Hirakud Dam Project.

2. At their meeting held on the 28th December, 1953, the Committee considered the Report of the Mahanadi Bridge Committee, hereinafter referred to as the 'Champhekar Committee', which was appointed by the Ministry of Irrigation and Power in pursuance of the recommendations made in Para. 48 of the Sixth Report of the Public Accounts Committee (1952-53) on the Hirakud Dam Project. As this Report primarily dealt with the accounting and financial irregularities committed by the Hirakud Dam Project authorities during the construction of the Mahanadi Bridge, the Committee asked the Ministry of Irrigation and Power to submit to them a statement showing their comments thereon through the Comptroller and Auditor-General.

3. The Ministry submitted to the Committee on the 4th May, 1954 a statement showing their comments on the Champhekar Committee Report. A copy of the statement containing the remarks of the Comptroller and Auditor-General thereon was made available to the Committee on the 5th May, 1954.

4. At their meetings held on the 6th, 7th, 10th and 13th May, 1954, the Committee considered the Champhekar Committee Report in the light of the statement referred to in Para. 3 above. From the remarks offered by the Government, the Committee note that they have not yet initiated disciplinary proceedings against the persons responsible for committing financial irregularities during the course of the construction of the Mahanadi Bridge as disclosed in the Champhekar Committee Report.

5. A brief record of the proceedings of each meeting of the Committee has been maintained and forms part of this Report.

A statement showing the summary of the principal recommendations of the Committee is also appended to the Report (*Appendix I*).

6. The Committee place on record their great appreciation of the valuable assistance rendered to them in the course of their examination of the Champhekar Committee Report by the Comptroller and Auditor-General of India and his officers.

II

7. In para. 48 of their Sixth Report on the Hirakud Dam Project, the Public Accounts Committee, 1952-53 recommended as below:—

**Appoint-
ment of
the Cham-
phekar
Commit-
tee.**

“The Committee consider it to be a matter of great importance that the accounts of this bridge should be gone into by a team consisting of an independent Bridge Engineer drawn from Madras or Bombay or Hyderabad States and a special Accounts Officer with a view to ensure that the cost of the Hirakud Dam Project is not inflated by any process of incorrect accounting.”

In pursuance of the above recommendation, the Ministry of Irrigation and Power, Government of India appointed in July, 1953 a Committee consisting of Shri M. L. Champhekar, I.S.E., Chief Engineer, P.W.D., Government of Bombay and Shri S. S. Lakshmi Rattan, an Officer of the Indian Audit and Accounts Service to scrutinise the accounts of the Rail-Road Bridge across the Mahanadi at Sambalpur (National Highway No. 6), the construction of which was undertaken by the Central Water and Power Commission through the Hirakud Dam Project authorities on behalf of the Ministry of Transport.

8. The Report of the above Committee was submitted to the Government on the 10th October, 1953 and copies thereof were made available to the Public Accounts Committee on the 23rd December, 1953.

9. The Committee took up preliminary consideration of the Champhekar Committee Report at their meeting held on the 28th December, 1953 and asked the Government to furnish to them their comments on the various points raised in that Report through the Comptroller and Auditor-General of India. A statement showing the comments of the Ministry together with the remarks of the Comptroller and Auditor-General was submitted to them on the 5th May, 1954.

10. The Committee observe from the Champhekar Committee Report that serious irregularities, both procedural and technical, had been committed during the course of construction of the bridge, namely, non-preparation of detailed estimates of the project before commencement of the work; deplorable state of initial

**Findings of
the Cham-
phekar
Committee
Report.**

Accounts; use of Hamilton girders and payment of increased hire charges to the Ministry of Defence on that account; importation of unskilled labour while such labour was locally available; preparation of very large muster-rolls thereby weakening supervision and indiscriminate mixing up of the departmental labour and labour obtained from contractors and payments to non-existent or ghost men; absence of any control over the working of machinery; non-maintenance of log-books; additional payments made to Messrs. Duggal & Co. contractors for concreting work in the first season and launching of Hamilton girders in the second season without calling for tenders and infructuous expenditure incurred on the Aerial Ropeway. The Committee are in agreement with the findings of the Champhekar Committee. They regret to note that the Government have not so far taken any disciplinary action against the persons responsible for the above irregularities. They would like to impress upon the Ministry of Irrigation and Power the desirability of taking very early action in the matter and to submit to them a report stating the action taken.

The idea of doing the work of the Mahanadi Bridge in one season.

11. The Committee were distressed to note that the Ministry of Irrigation and Power should have contented themselves by merely 'noting' the following observations made by the Champhekar Committee instead of taking action against the persons concerned whose errors of judgment had resulted in increasing the cost of the bridge by several lakhs of rupees:

"The decision of the Chairman, C.W. & P.C. to carry out work in one season was impractical. It prevented proper planning and giving out the work on contract and thus added to costs. It also appears to have led to the subsequent equally impractical and costly decision to establish through connection before the outbreak of monsoon in 1949". (Paras. 31.01 to 31.01.2 of the *Champhekar Committee Report*).

The Committee were informed by the representative of the Ministry of Irrigation and Power that this aspect of the matter would be pursued by them. They should like to know the action taken by the Government.

Apportionment of the cost of the Bridge.

12. The Committee considered the question of allocation of the proportionate cost of the Mahanadi Bridge to the Ministries of Railways, Transport and the Hirakud

Dam Project. They observe that it was rather a 'peculiar arrangement' which had been agreed upon in the matter of financing the construction of the Mahanadi Bridge at the departmental meeting held on the 13th September, 1948. They note that the arrangement envisaged that (i) the cost of additional length of the piers required for carrying the proposed Sambalpur-Kantabanji Railway line would be borne by the Project in the first instance pending eventual transfer to the Railway Department as and when the actual construction of the Railway line in question would be taken up; (ii) the cost of superstructure for the Railway would be borne by the Railway Board and (iii) the Ministry of Transport would bear the cost of piers and the road slabs required for carrying their roadways.

The Committee were informed by the representative of the Ministry of Finance that the expenditure in respect of (i) above would be kept under a Central Civil Suspense Head (and not debited to Hirakud Project Estimates) pending its ultimate transfer to the Railway Department. The Committee do not see why the Railway Department should not be debited their share of the cost of the bridge forthwith; nor do they understand the need for such accounting devices as mentioned by the representative of the Ministry of Finance. The Committee desire that the question of apportionment of this expenditure between the respective Ministries should be carefully gone into in consultation with the Comptroller and Auditor-General of India and an agreed settlement arrived at. The Committee should be informed, in due course of the action taken in the matter. They would, however, suggest that no part of this expenditure should be debited to the Hirakud Dam Project either by way of its share of the construction cost or of interest on the Capital outlay thereon.

13. The Committee desire that the Champhekar Committee Report should now be published by the Government.

**Release of
the Cham-
phekar
Committee
Report.**

B. DAS,

NEW DELHI;
The 29th June, 1954.

CHAIRMAN,
PUBLIC ACCOUNTS COMMITTEE.

**Proceedings of the Meetings of the Public Accounts Committee held
on the 28th December, 1953, the 6th, 7th, 10th and 13th May, 1954
and the 23rd June, 1954.**

III

Proceedings of the Twenty-Eighth Meeting* of the Public Accounts Committee held on Monday, the 28th December, 1953.

The Committee met from 10-30 A.M. to 11-45 A.M.

PRESENT

Shri B. Das—*Chairman.*

Shri Ranbir Singh Chaudhuri
Shri Hari Vinayak Pataskar
Shri Tribhuan Narayan Singh
Shri M. L. Dwivedi
Pandit Munishwar Dutt Upadhyay
Pandit Krishna Chandra Sharma
Shri K. M. Vallatharas.

} *Members.*

[Shri Sarangadhar Das, Member, Estimates Committee was also present.]

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri G. S. Rau, Officer on Special Duty, Office of the Comptroller and Auditor-General of India.

SECRETARIAT

Shri A. N. Bery—*Deputy Secretary.*

WITNESSES

Ministry of Irrigation and Power

Shri T. Sivasankar, I.C.S., Secretary, Ministry of Irrigation and Power.

Shri H. C. Gupta, I.C.S., Joint Secretary, Ministry of Irrigation and Power.

Shri Kanwar Sen, I.S.E., Chairman, Central Water and Power Commission, Ministry of Irrigation and Power.

Shri A. R. Khanna, Deputy Secretary, Ministry of Irrigation and Power.

Ministry of Transport

Shri H. P. Mathrani, Chief Engineer, Roads, Ministry of Transport.

*Earlier meetings relate to the consideration of the Defence Accounts, 1949-50 and 1950-51 (*Ninth Report*) and (Railways) and (P. & T.) Accounts, 1950-51 (*Tenth Report*).

Shri H. P. Sinha, Additional Chief Engineer (Roads), Ministry of Transport.

Ministry of Finance

Shri S. Ratnam, Joint Secretary, Ministry of Finance (R. & E. Department).

Shri K. L. Rathee, Deputy Secretary, Ministry of Finance.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance, (E. & A. Department).

Ministry of Irrigation and Power

14. At the outset, the Chairman informed the representatives of the Ministry of Irrigation and Power that Members of the Committee would visit the Damodar Valley on or about the 27th January, 1954 and the Bhakra-Nangal towards the end of February, 1954 for an on the spot study of the working of these two Projects.

15. Referring to the Report of the Rau Committee on the affairs of the Damodar Valley Corporation, the representative of the Ministry of Irrigation and Power informed the Committee that it had not so far been placed on the Table of the House.

16. The Committee then took up consideration of the Champhekar Committee Report on the Mahanadi Bridge (Hirakud Dam Project). They pointed out that as that Committee had been appointed by Government in pursuance of the recommendations made by the Public Accounts Committee in para. 48 of their Sixth Report, the copies of the Report furnished to them by the Ministry of Irrigation and Power should not have been marked as 'Secret'. Further, in accordance with the established Parliamentary convention, the Report in question should have been submitted to the Committee, in the first instance, along with Government's remarks on the findings set forth therein as also the views of the Comptroller and Auditor-General. They further felt that it was in contravention of the Parliamentary practice that the Report should be laid on the Table of the House before giving an opportunity to the Committee to consider it first.

17. The Committee then drew the attention of the representative of the Ministry of Irrigation and Power to the principles enunciated in paras. 51—53 of the Second Report of the Public Accounts Committee in the U.K. (1884) and the late Finance Department Resolution of 1931 for dealing with the Reports of the Public Accounts Committee.

The representative of the Ministry of Irrigation and Power stated that there had been some misunderstanding in their Ministry in

properly appraising the position as to how the Champhekar Committee Report should be treated.

18. When asked to explain whether the Ministry of Finance had been consulted before the Ministry of Irrigation & Power decided to place the Report in question on the Table of the House, the representative of that Ministry stated that they had advised the Ministry of Irrigation & Power that they must first consider the desirability of placing it before the Public Accounts Committee before presenting it to Parliament.

19. At this stage, the attention of the representative of the Ministry of Irrigation & Power was also drawn to the Speaker's directive (circulated *vide* Parliament Secretariat Office Memorandum No. 87-FC/53 dated the 4th December, 1953 to all Ministries of the Government of India) that in cases where Government were not in a position to implement a recommendation made by a Financial Committee of Parliament and Government had reasons to disagree with the recommendations of the Committee, the Ministry concerned should in consonance with the well-established Parliamentary practice place their views before the Committee which might, if they thought fit, present a further report to the House after considering Government views. The representative of the Ministry of Irrigation & Power stated that he was not aware of the Speaker's directive referred to above and had he known it, they would not have adopted that line of action.

20. The Committee then decided to treat the Champhekar Committee Report as having been formally submitted to them pursuant to action taken by the Ministry of Irrigation & Power on para. 48 of their Sixth Report and proceed with its consideration at their next meetings to be held early in February, 1954 and then report to the House. In the meantime, the Committee asked the representative of the Ministry of Irrigation & Power to furnish them with the remarks of the Government on the findings contained in that Report together with the comments offered thereon by the Comptroller and Auditor-General of India.

21 The Committee then adjourned to meet again on a date to be fixed by the Chairman.

Proceedings of the Thirty-second Meeting of the Public Accounts Committee held on Thursday, the 6th May, 1954.**

The Committee met from 10-30 A.M. to 12-45 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri Ranbir Singh Chaudhuri

Shri Tribhuan Narayan Singh

Shri M. L. Dwivedi

Pandit Munishwar Dutt Upadhyay } *Members.*

Shri Shree Narayan Das

Shri B. Ramachandra Reddi

Shri K. M. Vallatharas.

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant General, Central Revenues.

SECRETARIAT

Shri S. L. Shakdher—*Joint Secretary.*

WITNESSES

Ministry of Irrigation and Power

Shri T. Sivasankar, I.C.S., Secretary.

Shri H. C. Gupta, I.C.S., Joint Secretary.

Shri A. R. Khanna, I.S.E., Deputy Secretary.

Shri M. D. Mithal, I.S.E., Member, C.W. & P.C.

Ministry of Transport (Transport Wing)

Shri N. M. Iyer, I.C.S., Secretary.

Shri H. P. Mathrani, I.S.E., Joint Secretary.

Ministry of Finance

Shri S. Ratnam, Joint Secretary.

Shri K. L. Rathee, Deputy Secretary.

Railway Board

Shri S. S. Vasist, Member (Transportation).

Shri H. K. L. Sethi, Director (Civil Engineering).

Shri N. C. Deb, Director (Finance).

** Twenty-ninth, Thirtieth and Thirty-first meetings relate to the P. & T. Accounts (*Tenth Report*).

22. The Committee took up consideration of the Champhekar Committee Report on the Mahanadi Bridge.

23. At the outset, the Chairman invited the attention of the Members to the main features of the Report including the financial irregularities in the construction accounts.

24. The representative of the Ministry of Transport then gave a brief resumé of the history of the bridge construction as far as the Ministry of Transport was concerned. He stated that sometime in August, 1947 or early 1948, a proposal to construct a bridge across the Mahanadi was first mooted as a part of the National Highway Scheme and that a meeting was arranged between the representatives of the Railways and Irrigation and Power Ministries. At that meeting, a promise was held out by Shri Khosla that the Bridge would be completed in one year. The construction was accordingly authorised in anticipation of formal sanction. It was agreed at the meeting that the question of debiting a portion of the expenditure to the Railways could be considered later when it was decided to take up construction of a Railway line in that area. The work was taken in hand immediately and by August, 1950, a substantial part of the construction work on the piers and abutment had been completed, but even upto that date, the Ministry of Transport was not advised of the possibilities of any excess in expenditure. It was only in March, 1951, that the Ministry had the first indication of such a probability, and it was in October 1951, that, after some correspondence with the Accountant General, Orissa, the Ministry were convinced of the likelihood of an excess in expenditure. The Comptroller and Auditor-General pointed out that the responsibility for keeping initial accounts was that of the Engineers, and, if that had been realised earlier in this case, such serious irregularities would not have occurred.

25. The representative of the Transport Ministry was asked whether that Ministry had satisfied itself about the competence of the Engineers to whom the task of the bridge construction was entrusted. The representative of the Ministry explained that as the Orissa State Public Works Department pleaded inability to undertake the work, it had to be given to the C. W. & P. C. who acted as the agents of the Ministry of Transport and that consequently that Ministry had no reason to doubt the competence of the Engineers.

26. The Committee then took up consideration of the responsibility for the advice given to Government that the Bridge could be constructed in one year. The representative of the Ministry of Irrigation and Power stated that since the decision was taken at

31. The Committee resumed further consideration of the Champhekar Committee Report on the Mahanadi Bridge.

32. The Committee were informed by the representative of the Ministry of Irrigation and Power that it was proposed to pursue action in regard to item 3 of the statement containing the remarks of the Ministry on the Champhekar Committee Report.

33. The nature and use of the Hamilton girders were explained to the Committee by the representative of the Ministry. The Committee noted that in the construction of this particular bridge, these girders were used not merely as accessories but as a part of the main bridge temporarily, since it was realised that the work could not be finished before the floods came.

34. The remarks of the Ministry wherein they had said that the additional expenditure on hire incurred was payable by one department of Government to another by book adjustment was then taken up for consideration. The Committee observed that in the purchase of these girders from the Ministry of Defence, an error was committed and that the idea of using these girders was an after-thought and was not contemplated at the time of the original designing of the project.

35. On being conveyed the news of the demise of Shri B. L. Tudu, a sitting Member of the House, the Committee stood in silence for a minute as a mark of respect to his memory and adjourned at 11 A.M.

**Proceedings of the Thirty-fourth meeting of the Public Accounts
Committee held on Monday, the 10th May, 1954.**

The Committee met from 10-30 A.M. to 12 NOON.

PRESENT

Shri B. Das—*Chairman.*

Shri T. N. Singh

Shri S. N. Das

Shri B. Ramachandra Reddi

Shri Ranbir Singh Chaudhuri.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of
India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri S. L. Shakhder—*Joint Secretary.*

Shri M. Sundar Raj—*Deputy Secretary.*

WITNESSES

Ministry of Irrigation and Power

Shri T. Sivasankar, I.C.S., Secretary, Ministry of Irrigation
and Power.

Shri H. C. Gupta, I.C.S., Joint Secretary, Ministry of Irrigation
and Power.

Shri A. R. Khanna, I.S.E., Deputy Secretary, Ministry of
Irrigation and Power.

Shri M. D. Mithal, I.S.E., Member, Central Water and Power
Commission.

Shri R. P. Vasisht, ex-Chief Engineer, Hirakud Dam Project.

Shri M. L. Batra, ex-Superintending Engineer, Hirakud Dam
Project.

Ministry of Transport

Shri N. M. Ayyar, I.C.S., Secretary, Ministry of Transport.

Shri H. P. Mathrani, I.S.E., Consulting Engineer, Road
Development and Joint Secretary, Ministry of Transport.

Ministry of Finance

Shri S. Ratnam, Joint Secretary, Ministry of Finance.

Railway Board

Shri N. C. Deb, Director of Finance (Expenditure), Railway Board.

Shri H. K. L. Sethi, Director, Civil Engineering, Railway Board.

36. The Committee resumed further consideration of the Champhekar Committee Report on the Rail-cum-Road Overbridge across the Mahanadi (Hirakud Dam Project).

37. At the outset, the Committee referred to the observations made in Para. 31.01 of the Champhekar Committee Report that the idea of doing the work of the Mahanadi Bridge in one season seemed to have been that of the then Chairman, C.W. & P.C. and he had informed the Champhekar Committee that a similar bridge was built in Trimmu (in West Punjab) in one season. When asked to corroborate this statement, Shri Khanna, Deputy Secretary, Irrigation and Power Ministry, who had also worked at the Trimmu Head-works, stated that the construction of the Bridge at Trimmu was started in September, 1937 and the opening ceremony of the barrage complete with the overbridge and the gates and gearing etc. was performed on the 2nd April, 1939. The Committee pointed out that the statement made by the Chairman, C.W. & P.C. was, therefore, wrong.

38. Shri Batra, former Superintending Engineer, Hirakud Dam Project stated that at the time an announcement to complete the work of the Mahanadi Bridge in one season had been made, they were faced with certain difficulties. Firstly, they could not locate the site of the piers until after the river had subsided sufficiently and that was done possibly towards the end of December, 1948. Secondly, in March following, almost in the middle of the working season there was an outbreak of cholera which resulted in the work coming to a standstill. But for these two factors, he said, the progress would have been much better in one season than what it was. In reply to another question, he stated that it was not correct to say that the use of the Hamilton girders was one of the principal causes of excess expenditure.

When asked whether any provision for the use of Hamilton girders had been made in the estimates, Shri Batra stated that it was included in the provision made for centering and staging of the bridge.

39. The Comptroller and Auditor-General pointed out that the real cause for heavy expenditure on the bridge was due to inefficiency and inadequate control. He suggested that as the Government were already considering about the disciplinary action to be

taken against the person responsible for mishandling the affairs of the Mahanadi Bridge, the Committee should await further report from them before coming to any final conclusion.

40. The A.G.C.R. pointed out to the Committee that the question of heavy expenditure on reconditioning the Disposals machinery as an explanation for the excess cost on the construction of the bridge was not raised before the Departmental Committee and he found such an explanation being given for the first time in Mr. McKelvie's Report (majority report). The Champhekar Committee Report, he added, had also stated that there was no foundation for such an explanation.

The representative of the Ministry of Irrigation and Power informed the Committee that they had referred the cases involving financial irregularities disclosed in the above Report to the Special Police Establishment of the Government of India for investigation.

41. The representative of the Ministry of Finance stated that he had verified from the Financial Adviser and Chief Accounts Officer Hiraikud Dam Project that no cost of reconditioning old machinery had been charged to the bridge. He drew the attention of the Committee to a joint note by the C.W. & P.C. and the Ministry of Transport wherein they had agreed that the condition of the machinery after use on the bridge was better than it was before overhaul. He emphasized the point that there was no justification for charging both the overhaul charges and depreciation to the account of the bridge. The representative of the Ministry of Irrigation and Power intervened to say that they had not accepted this note and had raised an objection to the procedure adopted by the C.W. & P.C. in bypassing the Ministry.

42. The Committee then discussed the other main cause for excess viz., the charges paid for importation of labour. Shri Vasisht, former Chief Engineer, Hiraikud Dam Project stated that there were two types of labour imported for being employed on the construction of the bridge viz., one was the contractor's labour and the other was departmental labour. The contractor's labour, he said, had been imported by the contractor, arrangement with whom had been made at Delhi by the then Chairman, C.W. & P.C. who had promised the payment of importation charges. As regards the importation of the Departmental labour, he added that it was within the power of the Executive and Superintending Engineers. He averred that he came to know of this at the time work was nearing completion on the bridge and when the Financial Adviser and Chief Accounts Officer had asked him to accord *ex-post-facto* sanction to the importation charges for departmental labour.

43. In reply to a question, Shri Batra stated that he did not accept the verdict of the Champhekar Committee on the question of importation of labour. He stressed the point that as the work had to be executed departmentally, they had to collect as much labour as they could for the execution of the work especially the concreting in piers and abutments.

44. When asked to state whether it was a fact that as there was not enough work for the Hirakud Dam Project authorities, they decided to take up the construction of Mahanadi Bridge first, the representative of the C.W. & P.C. could not give any reply.

45. The representative of the Ministry of Irrigation and Power informed the Committee that they had practically accepted all the findings of the Champhekar Committee.

(At this stage, Sarvashri Vasisht and Batra withdrew)

46. When asked to explain the extent of the obligation which the Railway Board were prepared to shoulder in so far as the apportionment of the cost of the Mahanadi Bridge was concerned, the representative of the Railway Board stated that this question did not arise at present as the construction of the Sambalpur-Kantabanji Railway line was still under consideration and it was not going to be undertaken in the First Five Year Plan but might be taken up in the Second Five Year Plan. He said as per agreement arrived at the Departmental meeting held on the 13th September, 1948, the cost of the additional length of the piers required for carrying the Railway line would be borne by the project in the first instance and that the cost of super-structure for the Railway would be borne by the Railway Board.

47. After some discussion, the representatives of the Ministries of Irrigation and Power and Transport undertook to discuss the question of allocation of the cost at an inter-Ministerial Conference in the light of the Comptroller and Auditor-General's observations and then report the matter to the Committee.

48. The Committee then adjourned to meet again at 10-30 A.M. on the 13th May, 1954.

**Proceedings of the Thirty-fifth meeting of the Public Accounts
Committee held on Thursday, the 13th May, 1954.**

The Committee met from 10-30 A.M. to 12-30 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri Tribhuvan Narayan Singh
Shri M. L. Dwivedi
Pandit Munishwar Datt Upadhyay
Shri Shree Narayan Das
Shri K. M. Vallatharas
Shri V. P. Nayar
Shri G. D. Somani.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri V. D. Dantiyagi, Additional Deputy Comptroller and Auditor-General.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri S. L. Shakhder—*Joint Secretary.*

Shri M. Sundar Raj—*Deputy Secretary.*

WITNESSES

Ministry of Irrigation and Power

Shri T. Sivasankar, I.C.S., Secretary, Ministry of Irrigation and Power.

Shri H. C. Gupta, I.C.S., Joint Secretary, Ministry of Irrigation and Power.

Shri A. R. Khanna, Deputy Secretary, Ministry of Irrigation and Power.

Shri M. D. Mithal, Member, Central Water and Power Commission.

Ministry of Transport

Shri N. M. Ayyar, I.C.S., Secretary, Ministry of Transport.

Shri H. P. Mathrani, Joint Secretary, Ministry of Transport.

Ministry of Finance

Shri S. Ratnam, Joint Secretary, Ministry of Finance (R. & E. Division).

Shri S. Jayasankar, Joint Secretary, Ministry of Finance
(Communications).

Shri K. L. Rathee, Deputy Secretary, Ministry of Finance.

Shri O. P. Gupta, Deputy Secretary, Ministry of Finance
(Transport).

Shri H. S. Negi, Deputy Secretary, Ministry of Finance (E.A.).

Railway Board

Shri N. C. Deb, Director (Finance), Railway Board.

Shri H. K. L. Sethi, Director, Civil Engineering, Railway
Board.

49. The Committee resumed further consideration of the Champhekar Committee Report on the Mahanadi Bridge.

50. At the outset, the representative of the Ministry of Finance quoting from the records of the Ministry of Natural Resources and Scientific Research, stated that in conformity with the decision taken in 1951, the extra cost of the additional length of piers should be kept under the Central Civil head, if it had not already been done so. At present, the whole amount had been debited to the Hirakud Project and probably as a loan to the Orissa Government. If this was so, the Central Government should withdraw the additional loan charged to the Orissa Government, and transfer the amount to a Central Civil head. Later on, when the Railway Board decided to construct the Railway line using these piers, it should be transferred to them. The representative of the Railway Board accepted the view which was considered to be reasonable. The Comptroller and Auditor-General expressed his desire to be consulted before any decision was finally taken by Government in the matter.

51. The question of other expenses i.e., expenses in excess of those sanctioned either by the Ministry of Transport or the Railway Board was next taken up. It was asked why in regard to this expenditure also, the procedure of debiting the same initially to a Central Civil head pending eventual transfer to the appropriate Ministry, be not followed. If this was debited to the project estimates, it would become a part of the loan to the State Government which would have to pay interest charges thereon. It was agreed that the Hirakud Project should not bear any cost either on account of this bridge or by way of interest on the capital outlay thereon. The question was to be separately considered by the Ministry of Finance in consultation with the other Ministries and the Comptroller and Auditor-General.

52. The Committee then took up the examination of the "Statement showing the recommendations of the Mahanadi Bridge

Committee and the remarks of Government and the Comptroller and Auditor-General thereon *seriatim*.

53. *Para. 11.—Contracts placed with M/s. Duggal & Co.*—The representative of the Ministry of Irrigation & Power observed that the disclosures made in the Committee's Report were brought to the notice of the Ministry for the first time and the Ministry proposed to appoint a Judicial Officer for immediately going into the question of fixation of responsibility; and on the basis of his findings, charges would be framed against the officers concerned. The need for such an enquiry by a Judicial Officer, when the Champhekar Committee had already examined the case and established charges against the officers concerned, was discussed. The representative of the Ministry of Irrigation & Power explained that although the Champhekar Committee had found out the discrepancies, they had not fixed individual responsibilities. For this purpose departmental action as above was proposed to be taken. The Committee then proceeded to take up paras. 14 and 17 of the statement.

54. *Para. 14.—Infructuous expenditure on the Aerial Ropeway*—The representative of the Ministry of Irrigation and Power stated that the material was obtained from the Disposals Stores which was responsible for the infructuous expenditure. The Committee felt that this was a clear case of technical incompetence of the Engineers concerned. The representative of the Ministry agreed to pursue the matter against the delinquent Officers as desired by the Committee.

55. *Para. 17.—Initial accounts not properly kept etc.*—The Committee wanted to know the action that was being taken by the Ministry of Irrigation and Power against the persons responsible for failure to keep the initial accounts etc. The representative of the Ministry stated that an Officer on Special Duty was appointed to enquire into the reasons for the lack of detailed estimates and the confusion in the stores accounts, and his recommendations in brief were to make adverse entries in the confidential records of the Officers concerned. On being questioned why the entries were confined to the Chief Engineer and the Executive Engineer only, the O.S.D., Ministry of Irrigation and Power stated that it was considered that the problem was one requiring decisions at a high level and hence proceedings were not conducted against the subordinates and supervisors.

56. The Joint Secretary, Ministry of Irrigation & Power (who acted as the Officer on Special Duty) stated that he had made in his

report certain remarks about the handling of the machinery and the establishment of the machinery to control the stores and accounts by the Central Water and Power Commission and also about the opposition by the Financial Adviser and the Chief Accounts Officer to the establishment of another stores division which might have contributed to the absence of proper control of stores. The Comptroller and Auditor-General observed that matters like Financial Adviser's opposition etc., could have been easily solved by taking them to the Ministry of Finance.

57. The Committee then recommended the appointment of a Chief Technical Examiner for such Ministries as incurred large amount of expenditure on major works and big projects. The Chief Technical Examiner should be directly responsible to the Ministry and he should go and inspect the works on the spot on the Ministry's behalf. In the case of the Ministry of Irrigation and Power, he should be independent of the C.W. & P.C. as well as the Chief Engineer of the Project concerned and should in no way be responsible for the execution of works himself. The representative of the Ministry of Finance informed the Committee that as a result of similar recommendations in the past, a post had been created in the C.P.W.D. and the Department was in the process of finding further personnel.

58. The Committee adjourned *sine die*.

Proceedings of the Thirty-sixth meeting of the Public Accounts Committee held on Wednesday, the 23rd June, 1954.

The Committee met from 10 A.M. to 12 NOON.

PRESENT:

Shri B. Das—*Chairman*,

Shri Ranbir Singh Chaudhuri,
Shri H. V. Pataskar
Shri T. N. Singh
Shri M. L. Dwivedi
Shri S. N. Das
Shri U. C. Patnaik
Pt. Krishna Chand'ra Sharma
Shri K. M. Vallatharas
Shri V. P. Nayar.

} *Members.*

Shri V. D. Dantiyagi, Additional Deputy Comptroller and Auditor-General.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT:

Shri V. Subramanian—*Deputy Secretary.*

59. The Committee took up consideration of the draft Eleventh Report on the Hirakud Dam Project (Mahanadi Bridge).

60. The Committee decided that Paras. 5 (Introduction), 11 and 12 thereof which contained their observations on the findings of the Champhekar Committee Report on the Mahanadi Bridge should be combined into one para. in the body of the Report itself. Further, para. 14 relating to the apportionment of the cost of the Bridge should be recast in the light of the evidence given before the Committee by the representative of the Ministry of Finance (R. & E.).

61. The Committee then authorised the Chairman to sign the Report on their behalf and present it to the House. It was also decided that a copy of the Report as revised and approved by the Chairman should be circulated to all Members.

62. The Committee then adjourned till 10-30 A.M. on Thursday, the 24th June, 1954.

APPENDIX I

Summary of the Recommendations of the Eleventh Report of the Public Accounts Committee

Serial No.	Para. of the Report	Ministry concerned	Recommendation
1	2	3	4
1	10	Irrigation & Power	<p>The Committee regret to note that the Government have not so far taken any disciplinary action against the persons responsible for the irregularities mentioned in the Champhekar Committee Report. They would like to impress upon the Ministry of Irrigation & Power the desirability of taking very early action in the matter and to submit to them a report stating the action taken.</p>
2	11	Do.	<p>The Committee should like to know the action taken by the Government against the persons concerned whose errors of judgment have resulted in increasing the cost of the bridge by several lakhs of rupees as commented upon in Paras. 31.01 to 31.01.2 of the Champhekar Committee Report.</p>
3	12	Do. Railways	<p>The Committee do not see why the Railway Department should not be debited their share of the cost of the bridge forthwith.</p> <p>The question of apportionment of the expenditure incurred on the construction of the Mahanadi Bridge between the respective Ministries should be carefully gone into in consultation with the Comptroller and Auditor-General of India and an agreed settlement arrived at. The Committee should be informed, in due course of the action taken in the matter.</p> <p>The Committee would, however, suggest that no part of this expenditure should be debited to the Hirakud Dam Project either by way of its share of the construction cost or of interest on the capital outlay thereon.</p>

Serial No.	Para. of the Report	Ministry concerned	Recommendation
1	2	3	4
4	13	Irrigation & Power	The Champhekar Committee Report should now be published by the Government.
5	57	<u>Irrigation & Power</u> All other Ministries concerned.	A Chief Technical Examiner should be appointed by all such Ministries which incur large amount of expenditure on major works and big projects. The Chief Technical Examiner should be directly responsible to the Ministry and he should go round and inspect the works on its behalf. In the case of the Ministry of Irrigation and Power, the Chief Technical Examiner should be independent of the C.W. & P. C. as well as the Chief Engineer of the Project concerned and should in no way be responsible for the execution of the work himself.

