

**ESTIMATES COMMITTEE
1962-63**

THIRTY-SEVENTH REPORT

(THIRD LOK SABHA)

MINISTRY OF IRRIGATION AND POWER

Action taken by Government on the recommendations contained in the Hundred and Fifty Fifth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Irrigation and Power.

**NATIONAL PROJECTS CONSTRUCTION
CORPORATION LTD.**

(REPORTS AND ACCOUNTS)



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(1962-63)

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Elected w.e.f. 15th November, 1962 vice late Shri B. J. Singh.

ected w.e.f. 18th August, 1962 vice Shri Shiv Ram Rango Rane resigned.

INTRODUCTION

1. The Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Thirty-seventh Report of the Estimates Committee on the action taken by Government on the recommendations contained in the Hundred and Fifty-Fifth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Irrigation and Power—National Projects Construction Corporation Ltd., New Delhi (Reports & Accounts).

2. The Hundred and Fifty-Fifth Report of the Estimates Committee was presented to the Lok Sabha on the 24th March, 1962. Government furnished their replies indicating the action taken on the recommendations contained in this Report on the 20th September, 1962. The replies were examined by the Study Group 'F' of the Estimates Committee (1962-63) on the 8th December, 1962. The Draft Report was adopted by the Committee on the 24th April, 1963.

3. The Report has been divided into the following five Chapters:—

- I. Report
- II. Recommendations that have been accepted by Government.
- III. Replies of Government that have been accepted by the Committee.
- IV. Replies of Government that have not been accepted by the Committee.
- V. Recommendation in respect of which final reply of the Government is still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred and Fifty-Fifth Report of the Estimates Committee (Second Lok Sabha) is given in Appendix I. It would be observed therefrom that out of 27 recommendations made in the Report 51·9 per cent have been accepted by Government and replies in respect of 18·5 per cent of the recommendations have been accepted by the Committee. Of the rest, replies of Government in respect of 25·9 per cent of the recommendations have not been accepted by the Committee while final reply to 3·7 per cent of the recommendations is still awaited.

NEW DELHI;

25th April, 1963
Vaisakha 5, 1885 (Saka)

H. C. DASAPPA,

Chairman,
Estimates Committee.

CHAPTER I

REPORT

In para 3 of their Hundred and Fifty-fifth Report (Second Lok Sabha) on National Projects Construction Corporation Ltd., New Delhi, the Committee had observed that it would have been prudent on the part of the Central Government to have ensured the participation of most, if not all, of the State Governments, as it was clearly envisaged that they would participate in the capital structure of the Corporation. In para 27 *ibid*, the Committee had further observed that the present situation wherein only 8 out of 15 States have participated in the share capital of the Corporation, could have been avoided if the States had been formally consulted regarding the number of shares to be purchased by each, before the proposal for setting up the Corporation was finalised.

2. Government have stated in reply that, had the participation of all the States been made a condition precedent to the starting of the Corporation, there would evidently have been inordinate delay in setting up the Corporation. *The Committee do not consider this reply convincing. They feel that since the setting up of the Corporation was on the expectation of all the States participating in the scheme, the sponsors should have formally sounded all the States about their participation so that the Government could have taken the decision regarding the setting up of the Corporation with full knowledge of the exact position in this regard. They recommend that this procedure should be adopted before launching such schemes in future, that is to say, where participation in the schemes on the part of the States is envisaged.*

3. In para 4 of the Report, the Committee had observed that it was not borne out by facts that all the States were not adequately equipped to undertake major irrigation schemes and hydro-electric projects or that there was any paucity of private construction agencies in the field. In reply, Government have stated that one of the objects to be served by the Corporation is to eliminate private contractors who quoted high rates. *The Committee regret to observe that the reason which is now advanced, was not shown as a reason for setting up the Corporation. Further the reply does not meet the point raised in the observation about the States not being well-equipped to undertake major irrigation and hydro-electric projects or that there was paucity of private construction agencies in the field.*

4. The Committee had observed in para 5 of the Report that the objective of procuring and utilising the surplus machinery had not been achieved by the Corporation to any reasonable extent. In reply, Government have stated that the Corporation could go in only for a small portion of the surplus machinery as it was not possible, with its limited financial resources to go in for machinery

not required immediately for works in hand. Further, in reply to an observation made by the Committee in para 19, it has been stated that, if the Corporation is to compete with established contractors in the field, it must possess its own fleet of new equipment and that Government have recently approved of the purchase of a sizeable volume of new equipment by the Corporation. It is thus evident that the objective of utilisation of surplus machinery of river valley and other projects by the Corporation has not only not been realised so far but appears to have been abandoned altogether.

CHAPTER II

Recommendations that have been accepted by the Government.

Serial No. (as in the Appendix to Report)	Reference to the para no. of the Report	Summary of Conclusions/Recommendations	Reply of the Government
1	2	3	4
7	10	<p>While the Committee appreciate that the National Projects Construction Corporation should do standard work, they do not quite see how it can only be done at negotiated rates or on a cost plus basis. If, as the general belief goes, the private agencies quote at rates, which include a high margin of profit, the Committee do not appreciate why the Corporation should not compete successfully with the private agencies and yet secure the contract and turn out standard work. The Committee at any rate feel that the National Projects Construction Corporation should not deviate from the system of competitive tenders as it goes against the basic principle of commercial practice which the Corporation is expected to observe. Any other arrangement like negotiated rate and cost plus</p>	<p>Noted for future guidance. (Ministry of Irrigation & Power O.M. No. 34(1)/62-Div. IV, dated the 20th September, 1962).</p>

basis would tend to curb the entrepreneurial initiative of the Corporation and would hardly leave any incentive for economy and efficiency in the execution of works. It would also expose the Corporation to the allegation that it is getting a favoured treatment and that but for the negotiated rates it would not be a viable unit. Efforts should, therefore, be made by the Corporation to observe normal commercial practices in the line and to develop its competitive strength and capacity to execute works more economically and efficiently *vis-a-vis* the private contractors. It should not depend entirely on contracts secured on negotiated rates and cost plus basis.

10 14

It is well known that delays tend to increase the cost of works and disrupt the overall plan schedules. It is, therefore, of utmost importance to complete the works within the original time limits. The Committee feel that the Corporation should set an example in the prompt execution of works. Timely execution will not only reduce expenditure but would also attract more clientele. The Committee hope that the Corporation would take steps to improve the position in this direction.

The Corporation is well aware of the fact that delays in execution push up costs and is, therefore, alive to necessity for eliminating such delays insofar as it lies in the power of the Corporation to do so. More often than not, such delays are, however, the result of circumstances beyond the control of the Corporation. In order that the Project Authorities take all possible steps to ensure that the execution is not delayed for reasons which are within their control, the Corporation will try to insert a clause in its contracts with the Project Authorities in future that where the delay is attributable

to the Project Authorities, the Corporation should be suitably compensated for the extra expenditure incurred by them as a result of such delays.

(*Ibid*)

All efforts are being made and will continue to be made by the Corporation for the prompt execution of the contract agreements.

(*Ibid*)

11 15 Whatever the justification for delay, the Committee feel that efforts should be made by the National Projects Construction Corporation with the cooperation of Project authorities/ State Governments to ensure that the contract agreements are finalised within the stipulated time so that no trouble arises eventually on this score.

12 16 The Committee hope that wherever labour cooperatives have been formed, they would be given preference for executing piece works.

14 20 The Committee suggest that the proposal to build a central fleet of machinery may be re-examined by Government.

The recommendation has been noted by the Corporation.

(*Ibid*)

This recommendation has been accepted and is being implemented. Earthmoving machinery costing about Rs. 100 lakhs has recently been ordered for new works undertaken by the Corporation.

(*Ibid*)

The recommendation has been noted by the Corporation.

(*Ibid*)

16 22 It is reasonable to suppose that most of the expenditure of about Rs. 16 lakhs on overhaul and repairs from 1957-58 to 1960-61 was incurred on the old machinery. This would indicate that the maintenance costs of machinery on the Corporation have been high and work out to approximately 65%. Such situations should be avoided.

18 25 The employment of retired personnel is not desirable in a commercial organisation like the National Projects Construction Corporation where the initiative and service prospects of an individual matter a great deal in making it a success. The Committee hope that this aspect would normally be borne in mind while employing the retired personnel.

While the Ministry entirely agree that it is desirable to recruit younger persons who may be assured of reasonably attractive service prospects, the Corporation has had to engage retired personnel in categories where it was not found possible to recruit suitable younger persons in adequate numbers. For some posts, especially in the higher technical grades, it is also essential to have personnel with the necessary experience and background and engagement of retired personnel in such posts is sometimes both necessary and desirable.

(*Ibid*)

19 26 The Committee hope that the Sub-Committee of the Corporation which has been appointed to go into the question of building up of the Corporation's own cadre of Engineers would give due consideration to the difficulties in regard to the recruitment of personnel.

The Sub-Committee of the Corporation has recommended building up of a cadre of Engineers by the Corporation and steps have already been taken to give effect to this decision.
(*Ibid*)

23 30—32 During 1959-60 the prime cost exceeded the estimates by Rs. 6 lakhs and during 1960-61 by Rs. 16 lakhs resulting in a steep fall in the estimated profits by over Rs. 6 lakhs and Rs. 9 lakhs respectively.

The Board of Directors were already aware of the excess in the Prime Cost. As the excess was mainly in the Kosi Unit, they decided in the meeting held on September, 1961, that a detailed investigation into the costs of this Unit be made. The transactions of this Unit were accordingly analysed from the date of its inception in December, 1958 to 31st March, 1961.

The percentage of prime cost to the value of work done has gone up from 75.6% in 1957-58 to 89%

in 1960-61. The relative rise in prime cost may well be due to lack of proper utilisation of men and material. It is normally expected of an organisation of this nature that with the increase in the volume of work and the experience gained by it the percentage of prime cost to the value of work done should come down. The Committee therefore, feels that the increase in the prime cost requires to be carefully examined to find out the precise reasons therefor so that appropriate remedial measures may be taken.

The analysis showed that the total cumulative excess in Prime Cost, as reflected in the Accounts, was about Rs. 16 lakhs and was broadly attributable to the following factors:—

(a) The Unit had created a "Reserve" of about Rs. 4.5 lakhs for the minor and major overhauls of Pumping Sets used for dewatering by charging to the Accounts an equivalent sum on a *pro rata* basis. This "Reserve" was, however, not needed as the cost of this item (which was a part of cost of dewatering) was being reimbursed from time to time by the project authorities on the basis of the actual expenditure incurred by the Unit, the work of dewatering being entrusted to the National Projects Construction Corporation on cost plus basis. The "Reserve" is being written back in the annual accounts of 1961-62 and will reduce the excess in Prime Cost by Rs. 4.5 lakhs.

(b) The estimated prime cost was calculated from the value of work done after making allowances for overheads and profits as approved by the Board of Directors. Among the items of work entrusted to this Unit were the following:—

(i) placing reinforcement in position, bending and binding; and

(ii) driving of sheet piles.

The material required for these items of work was supplied by the Department at an agreed per ton rate and the National Projects Construction Corporation was paid for the finished work also on a certain agreed per ton rate. The National Projects Construction Corporation could not utilise in full all the cut-pieces and returned some of them to the Department. That Department had initially paid for the returned material at scrap rates instead of at the initial rate at which the material was issued. The prime cost, therefore, was debited in excess with the difference between the issue rate for the material and the scrap rate at which the Department initially accepted material back.

Further, there was also a discrepancy between the quantity actually issued by the Department and the quantity which the Department had accepted as having been used in the finished work. The Department has now paid for the returned material at the original issue rate and also certain quantities which had been omitted earlier. The total payment received in respect of these two items upto 31-3-61 amounts to about Rs. 3.5 lakhs. This has reduced prime cost by an equivalent amount.

(c) The entire workcharged Staff employed in this Unit had to be retained during the non-working season also (from June to September) involving an expenditure of about Rs. 5.25 lakhs upto 31-3-6. This was, not, however, anticipated and provided for in the analysis of rates.

(d) While quoting the rates in 1958 for items involving use of concreting and sheet-piling machinery, a few legitimate items of cost had been omitted and the out-turns assumed for the machinery were also on the higher side. This caused an excess of about Rs. 5.75 lakhs in the Prime Cost.

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2. It will be seen that the real excess in Prime Cost was about 8 lakhs and was caused mainly by under-provisioning in the analysis of rates. This was evidently due to inexperience, the construction of Kosi Barrage being the first major project undertaken by the National Projects Construction Corporation.

3. Every attempt is being made by the National Projects Construction Corporation to watch and control the Prime Cost on all works taken up by the Corporation.
(*Ibid*)

23 33—35

The percentage of both the gross profit and the net profit to the value of work done have been deteriorating from year to year. The percentage of gross profit has come down from about 24 in 1957-58 to 7 in 1960-61 and that of the net profit from 8 in 1957-58 to 0.9 in 1960-61. The return on total capital has also decreased from 3.73% in 1957-58 to 1.23% in 1960-61.

All efforts are being made by the Corporation to ensure a reasonable return on the capital.

This recommendation has been noted by the Corporation for future guidance.
(*Ibid*)

The Committee thus find that the profits of the Corporation have been continuously decreasing and are not satisfactory. They feel that the margin of 5% to 5½% provided in the estimates is inadequate as it barely covers the normal interest liability on the capital invested in the Corporation. The Corporation should earn a reasonable return on its capital. In this connection, a reference is invited to paragraph 24 of the 120th Report of the Estimates Committee (Second Lok Sabha) on the Sindri Fertilizers and Chemicals Ltd.

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The Committee appreciate the desire of the State Governments participating in the Corporation to get some return on their capital investments. They are, therefore, not convinced by the utili-

With increased activity of the Corporation and the allotment of concentrated large works as against scattered works dispersed over a wide area which the Corporation undertook in the initial stages,

higher rate of dividend may reasonably be expected.
(*Ibid*)

The procedure suggested by the Committee is already being followed and higher officials of the Corporation frequently discuss the question of payment due to the Corporation, with the Administrator/Chief Engineer of the Project concerned.

(*Ibid*)
Sustained efforts are being made in this direction and, if necessary, the matter will be taken up at the highest level with the State Governments concerned.

Noted. The Corporation has, however, been able to offer an effective check to the high rates which used to be quoted by private engineering firms. The Corporation has also been able to set up a high standard of workmanship. The results have, therefore, been quite advantageous
(*Ibid*)

ty of declaring such meagre dividends. They trust that the Corporation would increase its earning efficiency to declare reasonable dividends.

Since the States where the Corporation has undertaken works are represented on the Corporation's Board and the Corporation deals mainly with the Government agencies, the Committee do not see why delays in payment of dues extending over a year should continue to occur. They suggest that the causes of delay may be discussed by the higher officials of the Corporation with those of the project authorities with a view to removing the procedural bottlenecks, if any.

As has been already indicated, the National Projects Construction Corporation was started with the objects of utilising surplus machinery and technical man-power on the completed river valley projects which were supposed to be available at the time the proposal was initiated. Unfortunately, the setting up of the Corporation was not preceded by adequate and precise data regarding the surplus machinery and manpower and their availability to the Corporation. As facts turned out, it could achieve very little in either direction. It is regrettable that more zeal than precise calculations attended the establishment of this Corporation.

There is an increasing awareness in the States of the advantages in executing works through the

River Valley Projects come under the subject 'irrigation' which is in the state list of the Seventh

Schedule to the Constitution. As such one would have expected that the cooperation of most of States was at least ensured before the setting up of the Corporation. The Central Government on the contrary established the Corporation and then looked round for cooperation from the States, making its task a difficult one. The sources of building up an efficient organisation to execute the major river valley projects were not exploited adequately and in time by the Corporation with the result that it became increasingly difficult for it to secure the goodwill and willingness of the States to cooperate with such a venture. The Corporation has now been working for well nigh four years against heavy odds and its path is still strewn with difficulties. It must be said, however, that the setting up of the Corporation itself has served a useful purpose in that its very existence has created a psychological effect on the tendency of the private contractors to quote high rates. There is a future for its activities should the organisation be geared up to the task. It is to be hoped that in this task the Corporation would endeavour to execute works entrusted to it with speed, efficiency and economy, ensuring at the same time a high standard of quality.

Corporation. The Corporation are organising their own cadre of engineers and a central fleet of machinery and it is hoped that it will be possible for them to steadily expand their sphere of activities. The Board of Directors of the Corporation are considering the question of gearing up the organisation to the task of expansion.
(*Ibid*)

Also the Corporation should be able to build up a nucleus of technical manpower and machinery capable of handling all types of river valley projects and set up a reputation for competency, integrity and service.

CHAPTER III

Replies of the Government that have been accepted by the Committee.

Serial No. Reference (as in the Appendix to the Report)	Summary of Recommendations/Conclusions	Reply of the Government
1 2	3	4
1 2	Of the 15 States even now seven are not participating in the Corporation. It would appear that as far as these States are concerned they have not so far been very enthusiastic about it.	The Governments of Madras, Mysore, Andhra Pradesh, Orissa, West Bengal, Maharashtra and Gujarat have not so far participated in the National Projects Construction Corporation. The Union Minister of Irrigation and Power has addressed the Chief Ministers of these States requesting them to subscribe to the

share capital of the Corporation. In response to this, the Government of Gujarat have agreed to participate and subscribe Rs. 5 lakhs (Rupees five lakhs) towards the share capital of the Corporation. Their contribution is awaited.

[Ministry of Irrigation & Power O.M. No. 34 (1)/62-Div. IV, dated the 20th September, 1962.]

6 7 It would appear that the Corporation's objective of combining the advantages of departmental construction with the flexibility associated with the execution of works by private construction agencies has also not been realised to any reasonable extent.

By and large, the flexibility associated with the execution of works by private construction agencies is sought to be achieved. Wider powers have been delegated to the Managing Director and only the minimum control required is retained by the Board of Directors. However, in matters like purchase of stores, recruitment of staff, etc., the prescribed rules have to be followed, for which in a private organisation decisions could be taken much earlier. This cannot, obviously, be helped. (Ibid)

8 12 It seems to the Committee that the explanation for the rates quoted by the Corporation being higher than the estimated costs and those quoted by the private contractors lies in the heavy overheads in the Corporation. The Committee, therefore, suggest that the reasons for this may be thoroughly gone into and remedial measures initiated so that the Corporation is not handicapped in the matter of quoting competitive rates for comparatively small works.

The fact that the rates quoted by the Corporation are in some cases higher than the estimated costs is, because the estimated costs, based, as they are, on the Schedule of Rates, do not always present a realistic estimate of the cost at which the work can actually be done, having regard to the conditions of work in a particular case. It is worthwhile pointing out in this connection that even the rates quoted by private contractors are quite often above the estimated rates.

The rates quoted by the Corporation are also not invariably higher than those quoted by private contractors. In fact, in a number of cases, the Corporation has secured work in its own rights, as the rates quoted by it were the lowest. Had the overheads of the Corporation been higher than those of the private contractors, as a matter of course, in no case would the Corporation have been able to quote rates lower than those of the private contractors. However, the overheads are constantly under review, and the Board of Directors have broadly indicated, for the general information and guidance of the Corporation, the limit of such charges. The Corporation is, however, competent to raise the limit at its discretion in case it feels that even by doing so, its rates would be competitive.

(*ibid*)

From the fact that the performance of some of the second hand machinery obtained by the Corporation was not upto expectations it is obvious that adequate care was not bestowed nor inspection carried out at the time of purchasing the machinery. The Committee would emphasise the necessity of a thorough inspection by experts before such purchases are effected in future.

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While it is undoubtedly true that thorough inspection of used machinery is necessary before such machinery is purchased, it is to be appreciated that all latent defects may not necessarily come to light as a result of such inspection. The situation commented upon by the Committee is, however, not likely to occur in future, for, as already pointed out in the reply against recommendation No. 13,

the Corporation is now trying to build up a fleet of new equipment of its own.

(*Ibid*)

The main reasons for which the Corporation was not able to secure a turnover of 3.5 times the share capital are the following :—

(i) The output of equipment deployed in the execution of works does not bear a very high ratio to the capital invested on such equipment ;

(ii) Except for a temporary repayable loan from one project, a substantial part of the capital was locked up in the form of security deposits pledged with the projects

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(iii) Except to a small extent where working Capital could be found from the overdraft account of the Corporation with the State Bank, the share capital also had to be utilised as working capital because of the delay in receiving payments due from the projects.

With the acquisition of new equipment by the Corporation, the Corporation expects to achieve a proportionately large turn-over on the capital invested on such equipment.

The question of furnishing bank guarantee/Indemnity Bond in lieu of cash security deposits has also been taken up with the State Governments. If this is accepted, it will afford considerable

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relief to the ways and means position of the Corporation.

Efforts are also being made continuously by the Corporation to realise its dues from the Projects.

It is hoped that with the measures now being taken, the Corporation would be able to achieve a proportionately larger turn-over in future.

(Ibid)

CHAPTER IV

Replies of Government that have not been accepted by the Committee

Serial No. Reference as in the Appendix of Report	to the para No. of the Report	Summary of Conclusions/recommendations.	Reply of the Government	Comments of the Committee
1	2	3	4	5
2	3	<p>The Committee are constrained to observe that it would have been prudent on the part of the Centre to have moved more cautiously and ensured the participation of most if not all the States before venturing on a Corporation with a capital structure which clearly envisaged participation by them.</p>	<p>Eight States have already joined and one more is expected to join shortly. If the participation of all the States had been made a condition precedent to the starting of the National Projects Construction Corporation, there would evidently have been inordinate delay in setting up the Corporation.</p>	<p>Please see paras 1 and 2 of Chapter I.</p>
3	4	<p>It does not appear to be borne out by facts that all the States are not adequately equipped to undertake major irrigation schemes and hydro-electric projects or that there is any</p>	<p>The National Projects Construction Corporation functions as a contractor and one of the objects to be served by the Corporation is to eliminate private contractors who</p>	<p>Pl. see para 3 of Chapter I.</p>

*[Ministry of Irrigation & Power
O.M. No. 34 (1)/62-Div. IV
dated the 20th September,
1962.]*

paucity of private construction agencies in the field.

quote high rates. In this context, the Corporation can be useful in all States, including those which may be adequately equipped for undertaking major irrigation and hydro-electric projects. The National Projects Construction Corporation can assure high quality work at reasonable cost and those States which have been allotting works to private contractors at comparatively higher rates can, with advantage, avail themselves of the services of the Corporation.

(Ibid)

The objective of procuring and utilising the surplus machinery available with the completed projects has not been achieved by the National Projects Construction Corporation to any reasonable extent.

The Corporation came into being in January, 1957, and gradually started the purchase of machinery required for the works taken up by them. The Corporation could go in only for a small portion of the surplus machinery available with other projects. With

Pl. see para 4 of Chapter I.

the limited financial resources available, it was, obviously not possible for the Corporation to go in for machinery not required immediately for works in hand.

(*Ibid*)

5 6 Out of 4,500 persons reported surplus to the Employment Exchanges by the end of January, 1957 the National Projects Construction Corporation has so far been able to absorb only 28 persons which works to a meagre 0.6% of the total surplus technical personnel. Here again the Corporation has not been able to fulfil its avowed objective.

The figure of 4,500 represents the number of persons of different categories registered with the various Employment Exchanges throughout the country. The National Projects Construction Corporation being only one of the employing agencies in the country, could take in only such of those nominated by Employment Exchanges who were found suitable, against existing vacancies.

(*Ibid*)

13 19 The Committee are doubtful if the policy of Government to accord the National Projects Construction Corporation the second preference in securing surplus machinery from river valley projects was a sound one. The policy of the Corporation was also faulty inasmuch as it did not move for

The policy of Government owed its origin to the fact that the State Governments would not naturally consider the transfer to the Corporation of machinery rendered surplus to a project executed by them if the same can be used elsewhere by the State. Transfer of

Since one of the objectives of the Corporation was to ensure optimum utilisation of the service of technical personnel who became surplus in various projects, the reply of Government for employing only 28 such persons is not satisfactory. The Committee reiterate their observation.

Please see comments against recommendation at Sl. No. 4.

the acquisition of machinery in time. If they had done so, it would have given them an initial advantage in the matter of securing the necessary contracts.

such surplus machinery to the projects situated in other States received priority over transfer to the Corporation because of the fact that the State Governments who are in possession of their own fleet of equipment are able to hire it out to the contractors, including the Corporation, and also use it themselves departmentally if the works are executed departmentally. This, therefore, ensures greater flexibility in the matter of utilization of the surplus machinery.

The advisability of the Corporation going in for surplus machinery from River Valley Projects has been questioned. It has been suggested that if the Corporation is to compete with established contractors in the field, it must possess its own fleet of new equipment. It is only thus that optimum

utilisation of such equipment can be ensured and overhead expenses reduced to the minimum. Government have recently approved of the purchase of a sizable volume of new equipment by the Corporation.
(*Ibid*)

17 24 According to the information supplied to the Committee 92 Sectional Officers and Draftsmen had to be recruited direct from the open market, to meet special requirements. The Committee are not happy at the Corporation resorting to direct recruitment when such surplus staff was available.

All nominees of the Employment Exchanges who were found suitable were recruited by the Corporation. It is only balance for which adequate numbers of nominees of Employment Exchanges in various grades were not available that direct recruitment from the open market was resorted to.
(*Ibid*)

Please see comments against recommendation at Sl. No. 5.

20 27 The situation that some of the States have expressed their inability to participate in the venture could have been avoided if the States had been formally consulted regarding the number of shares to be purchased by each before the proposal for setting up the Corporation was finalised.

Please see reply against Sl. No. 2.
(*Ibid*) Please see comments against recommendation at Sl. No. 2.

CHAPTER V

Recommendation in respect of which final reply of Government has not been received.

Serial No. Reference (as in the Appendix to Report)	Summary of conclusions/Recommendations	Reply of the Government
9	<p>The Committee feel that since the Corporation is a Government organisation manned by experienced technical staff, some of whom have been drawn from the States themselves, there is perhaps no need for concurrent and continuous supervision of the work done by the Corporation by the staff of the State Government as at present. The nature and extent of the existing supervision could perhaps be relaxed or confined to a test check by senior officers of the States. Such an arrangement would be successful only when the Corporation ensures required standard of work through its own internal system of quality control. Since several States are co-partners in this Corporation and are represented on its Board, it should not be difficult to commend the adoption of such a practice and enlist their co-operation in this behalf.</p>	<p>The recommendation of the Committee is receiving the attention of Government.</p> <p><i>(Min. of Irrigation & Power O.M. No. 34(1)/62-DW. IV dated the 20th September, 1962).</i></p> <p>Replies from State Governments who have been addressed for ascertaining whether they would be prepared to accept recommendation No. 9 are still awaited. Necessary action on the recommendation will be taken after hearing from all the State Governments.</p> <p><i>(Ministry of Irrigation & Power U.O. No. 33(39)/62-DW. IV dated the 29th January, 1963)</i></p>
13	<p>The Committee feel that since the Corporation is a Government organisation manned by experienced technical staff, some of whom have been drawn from the States themselves, there is perhaps no need for concurrent and continuous supervision of the work done by the Corporation by the staff of the State Government as at present. The nature and extent of the existing supervision could perhaps be relaxed or confined to a test check by senior officers of the States. Such an arrangement would be successful only when the Corporation ensures required standard of work through its own internal system of quality control. Since several States are co-partners in this Corporation and are represented on its Board, it should not be difficult to commend the adoption of such a practice and enlist their co-operation in this behalf.</p>	<p>The recommendation of the Committee is receiving the attention of Government.</p> <p><i>(Min. of Irrigation & Power O.M. No. 34(1)/62-DW. IV dated the 20th September, 1962).</i></p> <p>Replies from State Governments who have been addressed for ascertaining whether they would be prepared to accept recommendation No. 9 are still awaited. Necessary action on the recommendation will be taken after hearing from all the State Governments.</p> <p><i>(Ministry of Irrigation & Power U.O. No. 33(39)/62-DW. IV dated the 29th January, 1963)</i></p>

NEW DELHI ;
25th April, 1963
Vaisakha, 5. 1885 (S)

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

(Vide Introduction)

Analysis of the action taken by Government on the recommendations contained in the 155th Report of the Estimates Committee (Second Lok Sabha).

1. Total Number of Recommendations made	27
2. Recommendations that have been accepted by Government (<i>Vide</i> recommendation Nos. 7, 10, 11, 12, 14, 16, 18, 19, 22, 23, 24, 25, 26, and 27 referred to in Chapter II)	
Number	14
Percentage to total	51.9%
3. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (<i>Vide</i> Recommendation Nos. 1, 6, 8, 15 and 21 referred to in Chapter III)	
Number	5
Percentage to total	18.5%
4. Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> recommendation Nos. 2, 3, 4, 5, 13, 17 and 20 referred to in Chapter IV)	
Number	7
Percentage to total	25.9%
5. Recommendation in respect of which final reply of the Government is still awaited (<i>Vide</i> recommendation No. 9 referred to in Chapter V)	
Number	1
Percentage to total	3.7%

DELHI

34. Jain Book Agency, Connaught Place, New Delhi.
35. M/s. Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.
36. Atma Ram & Sons, Kashmere Gate, Delhi-6.
37. J.M. Jaina & Brothers, Mori Gate, Delhi-6.
38. The Central News Agency, 23/90, Connaught Circus, New Delhi.
39. The English Book Stall, 7-L, Connaught Circus, New Delhi.
40. Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.
41. Lakshmi Book Store, 42, M.M. Janpath, New Delhi.
42. Kitab Mahal (W.D.) (Private) Ltd., 28, Faiz Bazar, Delhi.
43. Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.
44. Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.
45. Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.
46. People's Publishing House, Rani Jhansi Road, New Delhi-1.
47. Mehra Brothers, 50-G, Kalkaji, New Delhi-19.
48. Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6.
49. The United Book Agency, 48, Amrit Kaur Market, Paharganj, New Delhi.

50. Hind Book House, 82, Jan Path, New Delhi.

51. Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.

MANIPUR

52. Shri N. Chaoba Singh, Newspaper Agent, Ramlai Paul High School, Annexe, Imphal, Manipur.

AGENTS IN FOREIGN COUNTRIES

U.K.

53. The Secretary, Establishment Department, The High Commissioner of India, India House, Aldwych, LONDON, W.C.-2.



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