

# COMMITTEE ON PUBLIC UNDERTAKINGS

(Fourth Lok Sabha)

## Seventeenth Report of the Committee on Public Undertakings



LOK SABHA SECRETARIAT  
NEW DELHI

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**COMMITTEE ON PUBLIC UNDERTAKINGS  
(1967-68)**

**(FOURTH LOK SABHA)**

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**Shri A. L. Rai—Deputy Secretary.**

**Shri M. M. Mathur—Under Secretary.**

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\*Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha on 2-4-1968.

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit the Report on their behalf, present this Twentieth Report on the action taken by Government on the recommendations contained in the Fifteenth Report of the Public Accounts Committee (Third Lok Sabha) re: Audit Report on the Accounts of the Damodar Valley Corporation for the year 1961-62.

2. The Fifteenth Report of the Public Accounts Committee was presented to the Lok Sabha on the 19th September, 1963. Government furnished their replies indicating the action taken on the recommendations contained in that Report between 20th November, 1965 and 13th October, 1967. As the functions of the Public Accounts Committee, in so far as it relate to the Public Undertakings are concerned, have been taken over by the Committee on Public Undertakings, the replies of Government to the recommendations made by the Public Accounts Committee in the aforesaid Report have been considered by the Committee. The Report was adopted by the Committee on the 18th April, 1968.

3. The Report has been divided into the following four chapters:—

- I. Recommendations that have been accepted by Government.
- II. Recommendations which the Committee do not desire to pursue in view of replies of the Government.
- III. Recommendations in respect of which replies of Government have not been accepted by the Committee.
- IV. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Fifteenth Report of the Public Accounts Committee is given in Appendix. It would be observed therefrom that out of the 40 recommendations made in the Report 52.5 per cent have been accepted by Government and the Committee do not desire to pursue 30 per cent of the recommendations in view of the

(vi)

Government's reply. Replies of Government in respect of 12.5 per cent of the recommendations have not been accepted by the Committee. Final replies of Government in respect of 5 per cent of the recommendations are still awaited.

D. N. TIWARY.

*Chairman,*

*Committee on Public Undertakings.*

NEW DELHI;

April, 23 , 1968.

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Vaisakha 3, 1889 (Saka).

## CHAPTER I

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation (Serial No. 1)

*The imperative need for an expeditious settlement of the question of allocation of expenditure under Sections 32-34 of the DVC Act, has been emphasised by the successive Public Accounts Committees in the past. The Committee understand that the arbitration proceedings under Section 33 of the D.V.C. Act regarding allocation of the cost of dams to main objects, on which is also dependent allocation of common expenditure under Section 32, have been recently finalised and the award given. The Committee trust that early action will now be taken to readjust the expenditure as between different objects and as between the participating Governments. (Paragraph 3).*

#### REPLY OF GOVERNMENT

The Committee's observations are noted. Dr. Rajamannar announced his award on the 20th May, 1963. The adjustments called for were made in the Accounts (Final) for the year 1963-64 which was the most appropriate time for the purpose. Considerable computation work was involved as the adjustments had to begin from the very first year of working of the DVC and had to be processed through the whole gamut of capitalisation of interest, object-wise allocation, Government-wise allocation etc. Also, the Corporation had to take a careful decision, after taking legal advice, about how the award could be best implemented especially as the Rajamannar award was in apparent conflict with other award of Justice Jagannadhadas on a particular issue (classification of water supply for non-agricultural purposes) which figured in both the arbitration cases.

There was in fact no delay in the implementation of the award as the adjustments were made at the end of the same financial year (1963-64).

[Ministry of Irrigation & Power O.M. No. 8(9)63-DW.IV dated the 20th November, 1965].

**Recommendation (Serial No. 2)**

(ii) *The Committee also urge that the question of transfer of the D.V.C. Canal system and retail distribution of water to the West Bengal Government which has been under consideration for the last several years should be decided early. [Paragraph 4(ii)].*

**REPLY OF GOVERNMENT**

(ii) The Government of West Bengal have taken over the operation and maintenance of Barrage and Irrigation system of the D.V.C. with effect from 2-12-1963 on an agency basis.

[*Ministry of Irrigation & Power O.M. No. 8(9)63-DW. IV dated, the 20th November, 1965.*]

**FURTHER REPLY OF GOVERNMENT**

Apart from Rs. 25,150 on account of pre-1958 Bills and Rs. 60 lakhs on account of post 1958 Bills, the Government of West Bengal have not made any payment towards water rates. Bills are presented by the Corporation every year and the total amount outstanding, according to D.V.C. computation, is Rs. 3.82 crores. The last Bill presented to the State Government on 27th December, 1966, pertained to the Rabi acreage 1965-66. In the inter-State meeting held on the 21st August, 1966, under the Chairmanship of the Minister of Irrigation & Power, it was agreed that as required under the DVC Act, the West Bengal Government would meet the Flood Control and Irrigation deficits and make payments to the DVC promptly. The Government of West Bengal have, however, in a communication dated the 4th February, 1967, not agreed to make any further payment on account of water rate for irrigation until reorganisation of the DVC and necessary amendment to the DVC Act in pursuance thereof have been finalised.

In the meeting held on the 21st August, 1966, it was agreed at the instance of the representatives of the Governments of West Bengal and Bihar that consideration of proposal for reorganisation of the DVC might be postponed for the time being. While the Union Minister agreed to postponement of the consideration of reorganisation proposals he at the same time pointed out that all concerned should scrupulously observe the provisions of the DVC Act and remove the difficulties that were being faced by the DVC. The functional reorganisation of the DVC was again discussed by the Union Minister of Irrigation & Power with the Irrigation & Power Ministers of West Bengal and Bihar on 21-5-67. As the West Bengal and Bihar Ministers were not in favour of the proposed reorganisation, the Union



Minister of Irrigation & Power requested them to study the proposals in greater detail, particularly in regard to the financial adjustments involved. It was then decided that the matter would be considered again in another meeting.

[Ministry of Irrigation & Power O.M. No. 8(6)66-DW. IV dated, the 14th September, 1967].

### Recommendation (Serial No. 3)

Since the capital cost of the Konar Dam allocated to power has been taken into account for the fixation of tariff, the Corporation is receiving a financial return on that capital. The Committee, therefore, feel that the explanation for exclusion of the said capital cost from the proforma account is not logical. They suggest that in order to depict the position correctly, the proforma account should take this cost also into account subject to a note being given that no additional power had as yet been generated consequent on this due to postponement of the Hydel Scheme. (Paragraph 5).

### REPLY OF GOVERNMENT

The Committee's observations have been noted. The proforma account for Power for the year 1962-63 has since been prepared and it has taken into account the capital cost on Konar Hydel as per PAC directive.

[Ministry of Irrigation & Power O.M. No. 8(9)63-DW. IV dated, the 20th November, 1965].

### Recommendation (Serial No. 6)

The Committee also feel concerned at the reduction of targets for kharif and rabi irrigation to 8.73 lakh acres and 55,000 acres respectively (from the original 10.26 lakh acres and 3 lakh acres respectively), At one time the Corporation had suggested the construction of another dam to meet both irrigation and navigation requirements, but with the reduction of rabi irrigation to 55,000 acres, the water problem is stated to have been solved for all practical purposes. While the Committee appreciate that the reduction of irrigation targets may be justified for the present in the wake of the requirement of water for industrial and navigation purposes and less demand by cultivators for rabi irrigation, they feel that in the larger interest of increasing agricultural production and promoting welfare of people in the area, due attention should be paid to the future irrigation requirements. The Committee, therefore, suggest

that the question of providing addhonat water irrigation should be kept under constant review. (Paragraph 8 (ii)).

#### REPLY OF GOVERNMENT

##### *Water courses*

- (1) Area surveyed so far—2.42 lakh acres.
- (2) Total amount of work technically sanctioned—Rs. 10·91 lakhs upto October, 1963.
- (3) 34 water courses taken up out of which one has been completed and 4 are nearing completion.

##### *Extension and Improvement Scheme*

174 items of work technically sanctioned for Rs. 40·84 lakhs up to October, 1963.

In regard to reduction of rate as suggested, there seems to be no such possibility so far as the Corporation is concerned. The Corporation collects bulk rate from the State Government and has nothing to do with farmers who are the actual beneficiaries of the system. Retail rates collectable from the farmers are fixed by the State Government. The bulk rate fixed by the Corporation was intended to cover the working expenses under the 'Barrage & Irrigation' head. These include operation and maintenance expenses, cost of supply of water at the outlet points, proportionate cost of dams allocable to irrigation, overhead and general charges including interest charges and audit charges, etc. The irrigation potential is limited to 9,73,000 acres kharif and 55,000 acres rabi and the maximum revenue realisable, if the targets are fully achieved, may be of the order of Rs. 93 lakhs if the present rates are maintained. Actual receipts have however been nowhere near the above maximum so far. That is, firstly because of shortfall in utilisation and, secondly, due to failure of West Bengal to pay at the rates fixed by the Corporation. The question of reduction of the bulk rate at the present time, when West Bengal have their own idea of what the bulk rate should be, does not seem to arise. As the very validity of section 14(1) of the DVC Act has been questioned, any variation of the rate either way hardly matters.

If transfer of ownership of the Barrage and Canal System to the State Government is effected, the DVC will examine the question of revision of the bulk rate on 'no profit no loss' basis.

(ii) The Committee's observation have been noted.

The correct figure for kharif is 9,73,000 acres (and not 8,73,000 acres, as mentioned at page 78 of the Audit Report 1961-62). The error is apparently typographical.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW IV, dated the 20th November, 1965].

#### FURTHER REPLY OF GOVERNMENT

With the transfer (on 1-4-1964) of the DVS Barrage and Canals System to the Government of West Bengal for management, the execution of the extension and improvement and water courses schemes are being attended to by the State Government. Following the transfer, the State Government Engineers, it is said, had to review the plans and estimates prepared earlier by the DVC Officers and to undertake all other preliminaries for further schemes to be drawn up. This process apparently took considerable time.

The expenditure incurred by the DVC upto 31-3-1964 and by the State Government from 1-4-1964 to 31-8-1965 on the two capital schemes is as follows:

		<i>Extension and Improvement</i>	
DVC	. . . . .		28,76,064.00
West Bengal	. . . . .		1,61,455.00
		TOTAL .	30,37,519.00
<i>Water courses</i>			
DVC	. . . . .		7,39,350.00
West Bengal	. . . . .		86,791.00
		TOTAL .	8,26,141.00

As against the above expenditure incurred on the two schemes, the provision made in the Third Five Year Plan was Rs. 250 lakhs and Rs. 325 lakhs respectively.

The utilisation attained during 1965-66 was kharif 6,68,482 acres and rabi 42,495 acres against targets of 973,000 acres and 55,000 acres respectively. The potential for kharif irrigation has since been reassessed and found to be 7,15,000 acres. An year-by-year account against the above target is given below:

Year	Kharif in acres	Rabi in acres
1956 . . . . .	11,271	..
1957 . . . . .	2,91,365	..
1958 . . . . .	4,45,251	8,175

Year	Kharif in acres	Rabi in acres
1959 . . . . .	5,25,025	11,156
1960 . . . . .	5,53,063	19,092
1961 . . . . .	6,24,402	24,930
1962 . . . . .	6,25,015	24,482
1963 . . . . .	6,39,481	36,216
1964 . . . . .	6,53,816	37,983
1965 . . . . .	6,68,482	42,495

The rabi irrigation target had been reduced from 1,00,000 acres to 55,000 acres after a careful examination by the Chairman, CW&PC of the dry seasonal availability of water in the reservoir and the demand of fast developing industries in the region and of navigation, besides rabi irrigation.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW IV, dated 14th September, 1967].

#### Recommendation (Serial No. 8)

The Committee regret to observe that no serious attention was paid till January 1962 to the bad state of stores accounts prevailing in Chandrapura Thermal Station, ever since its formation in April, 1959. The Committee would like to know the final outcome of the departmental proceedings against the Assistant Equipment Officer who was responsible for mismanagement of Stores. They could not understand why the physical verification of existing stores could not be done in March, 1960 even when the accounts were in arrears. Had the supervisory officers been alert they would not have waited to put the matters right until the Corporation ordered investigation on receipt of intimation from Audit in September 1960 that the stores accounts were not being maintained. Even thereafter it took almost two years to complete the investigations. The Committee feel therefore that the responsibility of the Supervisor Officers should also be fixed. The Committee trust that necessary remedial measures will be taken to ensure proper maintenance of store accounts in future and to avoid recurrence of such irregularities. (Paragraph 10).

#### REPLY OF GOVERNMENT

(i) The departmental proceedings against the Assistant Equipment Officer resulted in his dismissal on 17-12-1963. The dismissal order was subsequently modified on appeal by the Chairman of the Corporation. The order as modified was for removal of the Assistant Equipment Officer from service (with effect from the same date). The order has already been given effect to.

The Assistant Equipment Officer has filed a suit in the Court of the Subordinate Judge, Hazaribagh (title suit No. 35 of 1964) for a declaration that the order of removal has been illegal or in the alternative that he is still in the service. The suit is pending.

(ii) The enquiry against the only supervising officer who was the then Project Manager, Chandrapura Thermal Power Station has since been disposed of. The Chairman of the Corporation has taken the view that the Project Manager was alive to the unsatisfactory position in regard to the accounting of stores and that he did not lack in efforts towards remedy. He called the attention of the Corporation to it and asked for posting of extra staff for the purpose, but the men posted or ordered to be posted somehow evaded the place presumably because it was out of way and stores accounting suffered. The Project Manager did not thus get the requisite assistance as might enable the things being put to order. Also it was not possible for the Project Manager to personally conduct the stores accounting and the Assistant Equipment Officer who was in direct charge of the stores proved to be utterly unreliable. Upon a careful consideration of the facts and circumstances the Project Manager has been absolved of any personal responsibility for the stores irregularities at Chandrapura and it has been decided that no further action against him is called for.

The enquiry towards fixation of responsibility for supervision was initiated on 12/12/63 and the matter was disposed of on 23-11-1964. Further to the notes given above, the following information is furnished:—

The stores accounts were made up and duly reconciled. Since then the accounts have been kept regularly as far as practicable. The irregularities had occurred not due to any lacuna in the prescribed stores-accounting instructions, but because of failure in execution. The officer at fault was punished.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

#### FURTHER REPLY OF GOVERNMENT

The suit filed by the ex-Assistant Equipment Officer has been dismissed.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW. IV, dated, the 14th September, 1967].

#### Recommendation (Serial No. 9)

While the Committee appreciate the action of the Corporation to retain certain stores and spares for use in the Tenughat Project in order to save foreign exchange, they trust that such of the items

as have no reasonable chance of being used in other projects will be disposed of expeditiously. The delay in disposal will not only block much needed storage accommodation but result in the deterioration of stores which will affect their sale price. (Paragraph 11).

### REPLY OF GOVERNMENT

The Committee's observations have been noted.

The disposal of surplus stores and spares as are required on other projects is done in accordance with the prescribed procedure. The following statement gives an account of the position as on November 29, 1963.

	No.
1. Equipment already sold . . . . .	94
2. Equipment covered by sale notification . . . . .	100
3. Equipment wanted by N.P.C.C. but sale could not be finalised for want of required data which are being collected . . . . .	11
4. Equipment for which essential data are now complete and intended to be included in the next sale . . . . .	4
5. Equipment for which negotiation is in progress with the State Government/Project . . . . .	4
6. Equipment likely to be reserved for Tenughat . . . . .	4
7. Equipment issued to D.V.C. Projects . . . . .	6
8. Equipment for which essential data are being collected from the owning Projects for sale . . . . .	74
9. Equipment missing from the Depot (4 Nos. Pneumatic Tools). (The matter has been reported to the Police) . . . . .	4
TOTAL . . . . .	301

The position as on 31st December, 1964 was that of the 301 machines mentioned above, 273 Nos. have been disposed of in the meantime. The remaining 28 are accounted for as follows:—

Requisition by NPCC . . . . .	10
Notified for sale . . . . .	8 (four disposed of later on tender).
Circulated to CPWC and State Electricity Boards . . . . .	2
Disposal held up pending collection of full particulars required (residual value, date and cost of acquisition etc.). . . . .	8
	28

[Ministry of Irrigation & Power O.M. No. 8(9)63-DW. IV dated the 20th November, 1965].

### FURTHER REPLY OF GOVERNMENT

Of the 28 remaining items, 24 have since been disposed of. Of the four remaining, two are under negotiation with intending buyers and two await assessment of their residual value.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW. IV, dated the 14th September, 1967].

#### **Recommendation (Serial No. 10)**

(i) *The Committee regret to observe that the purchase of the Avelling Barford Dumpers which had intrinsic defects was ill-conceived. They trust that necessary precautions will be taken in future to avoid the purchase of unsuitable machinery.*

(ii) *The Committee deprecate the delay in disposal of the engine and spare parts, especially when the Hanomag tractors to which these related had themselves been declared surplus in 1955-56 (c.f. para 16 of the 5th Report of the P.A.C. 1962-63). The Committee had desired to be furnish with a statement showing the particulars of the tenders received, which is still awaited.*

(iii) *The Committee are not happy over the disposal of the main equipment and spares separately in both the cases (dumpers and tractors); for in their opinion sale in one lot (both equipment and spares) might have brought in better price. (Paragraph 12)*

#### REPLY OF GOVERNMENT

(i) The Committee's observations have been noted.

(ii) The first call was made on 28th October, 1959 and advertisements in Calcutta and Patna papers published accordingly. In response to that, only a single tender was received for Rs. 8,500.

The second call was made on 29th December, 1959 and advertisements published in Bombay and Madras papers. In response to that two tenders were received—

(i) for Rs. 8,600 and

(ii) for Rs. 8,500 from the firm which quoted on first call.

The first tender was defective as no earnest money was deposited with the tender as required; hence not considered. The engine and other spare parts were sold to the second tenderer for Rs. 8,500.

(iii) The Committee's observation's have been noted. Instructions are being issued to all concerned that when the main equip-

ment is declared surplus, any spares therefor which have not been put to use or which may not be of any use for any other equipment should also be declared surplus at the same time and both the equipment and the spares advertised together.

[Ministry of Irrigation & Power O.M. No. 8(9)63-DW. IV, dated the 20th November, 1965].

#### Recommendation (Serial No. 11)

*The Committee are unhappy at the casual manner in which the matter has been dealt with and the leisurely way in which the disposal of the Hydraulic Crank Press (costing Rs. 20,000) purchased in 1953 had been processed during the last 10 years. The loss of a box of spare parts (valuing Rs. 7,330) has also disturbed them. The Committee trust that the equipment will now be disposed of without much further delay.*

*It is not understood why no responsibility could be fixed, when it has been admitted that a detailed inspection of the machinery was not carried out before its purchase and due attention was not paid to the disposal of machinery. The Committee consider that the matter should have been investigated and responsibility fixed at a much earlier stage. The failure on the part of the Engineer should have been reported to the Rourkela Project authorities under whom he is now working. The Committee trust that necessary action will be taken now without further delay and the Committee apprised of the action taken. (Paragraph 13).*

#### REPLY OF GOVERNMENT

The Hydraulic Crank Press has since been disposed of (21st August, 1963) on a tender basis for a sum of Rs. 6,004 exclusive of sales-tax.

By a letter dated 4th March, 1964 explanation was called for from the late Construction Plant Engineer. On 10th March, 1964 he wrote to the Corporation asking for inspection of documents. He submitted his explanation on 1st October, 1964 after consulting relevant papers in Calcutta and the Corporation decided on 17th December, 1964 after considering his explanation that the actual selection having not been made by him he could not be held responsible for selection of the machine in question. The explanation submitted by the late Executive Engineer (presently an employee of the Durgapur Projects Limited), who had made the selection was also considered and a decision taken in his case on the following lines:—

Reparation machinery used to be sold on 'as is' basis at nominal price. Visual inspection did not always reveal defects



in equipment which had already been subjected to considerable wear and tear while they were in use in Germany. If the machine in question was only one out of many others selected by the officer at the same time, which turned out to be unsuitable for the purpose required, it would not be correct to blame the officer for a selection which in the nature of things had an element of risk, more especially if the other items which he selected turned out to be a good "buy". (This point is presently under verification).

For delay in processing disposal action in regard to the Hydraulic Crank Press one Executive Engineer has been censured by the Corporation (24th December, 1964).

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated, the 20th November, 1965].

#### Recommendation (Serial No. 14)

The Committee feel that the expenditure incurred on investigation (Rs. 5.38 lakhs) in regard to the underground power scheme at Konar, which has become infructuous, was very much on the high side. They suggest that it should be examined for future guidance whether investigations on such a scale were really necessary in deciding the feasibility or otherwise of a scheme. (Paragraph 16).

#### REPLY OF GOVERNMENT

The Corporation is making an investigation on the lines suggested by the Committee.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated, the 20th November, 1965].

#### FURTHER REPLY OF GOVERNMENT

The desired investigation has been done. The appendix I to this note gives the background and the details. The Corporation feel that the expenditure in question had been incurred on investigations comprising feasibility studies and works on preliminary designs, basic layout, etc. as were necessary for preparation of the Project Report. While this was being done the power demand in the area increased so that the Konar Hydel Scheme failed to receive priority which was accorded to thermal projects which could be brought into commission quicker. The Konar Hydel Scheme thus got shelved.

for the time being. The expenditure on preliminary investigations was not unduly high. It worked to 1.5 per cent of the cost of the project as proposed by M/s. Gruner Bros. and 1.2 per cent of the cost of the project proposed by Mr. A. J. Ackerman. The percentage in either case could be considered reasonable.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW. IV, dated the 14th September, 1967].

#### **Recommendation (Serial No. 16)**

(i) *From the facts stated in para 18 of the Report, the Committee find it difficult to accept the Corporation's contention that all the defects pointed out in the inspection reports had been rectified by the contractor, before the issue of the completion certificate and making of the final payment. It is also not clear why final payment to the contractor was delayed till July, 1960, if the work was completed in all respects in February, 1958. In view of the fact that there was a controversy between the contractor and the Engineers over the very existence of the defects and the Executive Engineer had twice issued instruction (on 10-5-57 and 24-7-57) to withhold payment for defective items, the Committee are at a loss to understand why the rectification actions if any, taken in this regard was not recorded. As regards the visual inspection of the structure recently conducted by the Chief Engineer, the Committee doubt whether such an inspection (five year after the completion of the work) with water running in the canal could have disclosed any inner defects in the work. The Secretary, Ministry of Irrigation & Power suggested that an enquiry could be made to ascertain whether the defects reported were genuine and if so whether they were really rectified by the contractor before the issue of the completion certificate. The Committee desire that a proper and thorough enquiry should be made into the whole matter.*

(ii) *The Committee also note that there is a lacuna in the present procedure inasmuch as there is no system of keeping a record of the action taken on the inspection reports pointing out defects in works. They desire that the procedure should be streamlined with a view to ensuring that proper record of rectification of defects is maintained. (Paragraph 18).*

#### **REPLY OF GOVERNMENT**

(i) *The Committee's observations have been noted. The Corporation's Deputy Chief Engineer (B&I) has held the enquiry on 28-11-63 and 6-12-63 and his report has been considered by the Corporation.*

From the facts as have emerged as a result of the enquiry the Corporation believes that the defects had been of minor and remediable nature and that there is no reason to suspect that they were not rectified.

(ii) The Corporation has taken suitable action in this regard.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

#### Recommendation (Serial No. 17)

While the Committee appreciate the Corporation's sense of the urgency to maintain adequate supplies of coal for the power plant by road transport, they feel that a more rational and economic course for the Corporation would have been to instal the weighbridge from the very beginning, which would have avoided a heavy expenditure subsequently incurred on weighment charges.

Another disquieting aspect of the case disclosed during evidence was that the contract for weighment was awarded to the same contractor who was also awarded the contract for transport of coal. The Committee consider this practice un-healthy and trust that this will not be resorted to in future. (Paragraph 19).

#### REPLY OF GOVERNMENT

The Committee's observations have been noted.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

#### Recommendation (Serial No. 18)

(i) In para 20 of their 5th Report (third Lok Sabha), the Committee had disapproved of delays in settlement of Audit Objections and desired that determined effort should be made by the Corporation to ensure their speedy disposal. The Committee regret to observe that the position is not yet satisfactory. They desire that more vigorous steps should be taken by the Corporation in this direction. [Paragraph 20 (i)].

(iii) The Committee trust that delay in regularisation of excesses will be avoided in future. [Paragraph 20 (iii)].

(iv) The Committee desire that action to settle the outstanding objections relating to 'apparently avoidable expenditure' should be expedited. [Paragraph 20 (iv)].

(v) The Committee desire that the question of simplification of the forms for maintenance of material-at-site accounts should be

decided in consultation with Audit at an early date. [paragraph 20 (v)].

(vi) The Committee trust that the question of fixing responsibility for the losses due to non-realisation of recoverable amounts referred to in para. 20 (e) of the Report will also be considered by the Corporation. [Paragraph 20 (vi)].

#### REPLY OF GOVERNMENT

(i) The Committee's observations have been noted.

(iii) The Committee's observations have been noted.

(iv) The possible action towards early settlement of the outstanding objections can only be instillation of a sense of urgency in the concerned offices whenever and wherever necessary. This is usually done. The position as on 23-10-63 according to the Corporation's books was that the amount covered by the outstanding objections stands at Rs. 0.80 lakhs against Rs. 1.87 lakhs mentioned in the Audit Report, the difference being accounted for by replies in eight MRA cases sent to Audit (2 of 11/58, 6 of 6/59, 10 of 12/59, 1 of 1/61, 1 of 5/61, 3 of 5/61, 3 of 11/61 and 5 of 11/61.).

(v) The Committees observations have been noted. A draft Form recommended by the Corporation's Accounts Department was sent to Audit on 10-12-63 and received back with Audit observations on 18-12-63. The matter is under examination.

(vi) The Committee's observations have been noted. As the cases come up to the Corporation it invariably examines its responsibility aspect. The following is an account of the cases with their up-to-date position:—

Sl. No.	Nature of the case	Amount involved	Remarks
1	2	3	4
		Rs.	
1	Inordinate delay in recovering house rent.	1,814.00	The Corporation has found that responsibility of non-recovery of house rent in this case from <i>ex-master mechanic, Panchet</i> , cannot lie with Corporation officials. The officer concerned duly presented bills to the <i>ex-master mechanic</i> , but he left this country on 26-7-55 without making any payment at all. Vigorous attempts

1	2	3	4
		Rs.	were thereafter made to recover the outstanding house rent through appropriate authorities in the U.S.A. but these did not succeed. The amount has since been written off under orders of the Corporation.
2	Claims against ex-Construction Plant Engineer in respect of outstanding house rent, etc.	₹ 2,313·00	This officer had also certain claims pending with the Corporation. After adjustment of these claims against the Corporation's dues only a sum of Rs. 133·64 is recoverable from him. This matter is presently under correspondence with Audit. In the meantime, a demand for Rs. 133·64 has been sent to the officer. (2-2-63). The matter is being pursued by issue of reminders.
3	Payment to contractor without sanction from the Corporation in DVC Bermo Mines.	₹ 24,955·00	The amount has since been recovered from the final bill of the contractors and such recovery intimated to Audit (6-10-63).
4	Loss of revenue due to non-realisation of rent for accommodation provided to a firm.	73·00	This particular objection has since been dropped by Audit.
5	Hospital charges lying outstanding.	11,854·00	The Corporation after due consideration has ordered write-off of Rs. 4903·57 only. This amount represented the cost of indoor treatment of work-charged men who were not actually entitled at the time to free indoor medical Treatment. A mistake had been committed but there was no undoing it. The amount was found irrecoverable and had to be written off. For the balance, the matter is still under consideration.
6	Non-recovery of ground rent from outside parties.	25,037·00	The matter is under examination of the Corporation.

1	2	3	4
		Rs.	
7	Dues for works remaining unrealised.	4,491.00	In the majority of cases high ranking Government officials got their vehicles repaired at Maithon where they were on official duty, and because of the urgent nature of their work the repairs were done without payment as the officers would otherwise have been held up. Recovery of these dues is being actively pursued.
8	Non-realisation of royalty from the contractors.	[4,157.00	The matter is under examination of the Corporation.
9	Non-recovery of value of materials issued to contractors.	[15,840.00	The matter is also under examination of the Corporation.
10	Non-return of tools and plants by a DVC employee who resigned resulting in loss to the Corporation.	500.00	The employee went on casual leave on 22-6-60 for 5 days and did not return. Thereafter he resigned from Service of the corporation. He failed to return the tools and plants taken by him in course of his official duties. Action is being taken to trace the whereabouts of this individual with the object of recovering the value of the articles from him.
11	Irregular maintenance of map accounts-non-raising of debits against projects.	[2,823.00	The maps were issued to other projects of the DVC so that there has been no loss as such to the organisation as a whole. Action is being taken for proper maintenance of map accounts and for raising of debits against the project concerned.

[Ministry of Irrigation & Power O.M. No. 8(9)/63, DW. IV, dated the 20th November, 1965].

FURTHER REPLY OF GOVERNMENT

(iv) A statement is annexed as appendix II. It shows the objections settled as also those replied to but still under correspondence.

(v) A material-at-site account form has been introduced in consultation with Audit.

(vi) (Sl. No. 2 under vi) Objection dropped by Audit.

(Sl. No. 5 under vi) An amount of Rs. 8885.19 has since been recovered; for the rest efforts towards recovery continue.

(Sl. No. 6 under vi) Objection dropped by Audit.

(Sl. No. 7 under vi) Rs. 3259.16 has since been recovered. For the remainder, correspondence with the Department concerned is going on.

(Sl. No. 8 under vi) Objection dropped by Audit.

(Sl. No. 9 under vi) Objection settled.

(Sl. No. 10 under vi) Reply sent to Audit and exchange of letters had followed. The points raised by Audit were last replied to by the Corporation on 7-12-1966.

[Ministry of Irrigation & Power O.M. No. 8(6)66-DW. IV dated, the 14th September, 1967].

Recommendation (Serial No. 19)

*The Committee feel concerned at the delay in obtaining the customary acknowledgements of balances outstanding with employees. They are glad to be assured that this will be avoided in future. (Paragraph 21).*

REPLY OF GOVERNMENT

The Committee's observations have been noted.

[Ministry of Irrigation & Power O.M. No. 8(9)/63, DW. IV, dated the 20th November, 1965].

Recommendation (Serial No. 20)

*(ii) The Committee trust that an early decision will be taken on the report of the firm of Chartered Accountants regarding the principles and pattern of the revenue accounts of the Corporation which according to the DVC Act are to be introduced from 1963-64. [Paragraph 22(ii)].*

## REPLY OF GOVERNMENT

(ii) The recommendations contained in the report of the Firm of Chartered Accountants have been examined by Government in consultation with the Comptroller & Auditor General and decisions have been arrived at. These are being formally communicated to the Corporation.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated, the 20th November, 1965].

## FURTHER REPLY OF GOVERNMENT

(ii) The recommendations of the firm of Chartered Accountants with certain modifications were approved by the Government of India in consultation with the Comptroller & Auditor General of India. Commercial accounts have been introduced in the Corporation with effect from the 1st April, 1966.

[Ministry of Irrigation & Power O.M. No. 8(6)/66, DW. IV, dated, the 14th September, 1967].

## Recommendation (Serial No. 23)

The Committee desire that action to revise the procedure, regarding adjustment of inter-departmental transactions in order to avoid heavy outstandings at the end of the financial year should be expedited. (Paragraph 25).

## REPLY OF GOVERNMENT

The Corporation is taking action to revise the existing procedure. As all the implications of interdepartmental transactions have to be taken into account this will necessarily take some time.

[Ministry of Irrigation & Power O.M. No. 8(9)/63, DW. IV, dated, the 20th November, 1965].

## Recommendation (Serial No. 25)

The Committee feel that, learning from the failures of M/s. M. A. N. in regard to the commissioning of the two power generating units at Durgapur and a 4th unit at Bokaro, the Corporation should examine the existing procedure of scrutinising tenders so as to make it obligatory to refer acceptable tenders in regard to purchase of complicated machinery to the Consulting Engineers with a view to having the benefit of their expertise. (Paragraph 27).



## REPLY OF GOVERNMENT

The Committee's observations have been noted. Currently all equipment tenders are being referred to the Consulting Engineers before final acceptance.

*[Ministry of Irrigation & Power O.M. No. 8(9)/63, DW. IV, dated the 20th November, 1965].*

## CHAPTER II

### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

#### Recommendation (Serial No. 4)

*The Committee understand that the question of reorganising the D.V.C. is at present under consideration in consultation with the participating Governments. The Committee suggest that, in the wake of rapid industrialisation occurring in the area since the enactment of the DVC Act 15 years ago, a re-appraisal of the Corporation's functions in the field of Thermal Power generation should also be made with a view to seeing how far this responsibility should be handled by the State Electricity Boards as in other States or whether another regional organisation should be set up for the purpose in order to relieve the D.V.C. to concentrate on generation of hydro-electric power with an adequate supplemental backing of Thermal Power, as originally envisaged. The Committee are glad to learn that the Corporation has decided to revive the execution of hydel-power scheme of 60 MW at Konar during the Fourth Plan. They desire, that it should also be investigated to what extent additional hydro-electric power can be generated by exploiting the existing resources of the D.V.C., in order to achieve, at least the modest target of 250 MW originally envisaged. (Paragraph 6).*

#### REPLY OF GOVERNMENT

The Damodar Valley forms part of the important industrial belt in the region. In the context of the rapid industrialisation that is now taking place in this area and of the large-scale availability of coal washing by-products in future years in this region, which shall have to be mostly used as fuel for very large thermal power stations located near the washeries the emphasis will have to be on thermal generating capacity. Future development on these lines will require financial and other resources of vast magnitudes. These matters will have their due influence on the reorganisation of the D.V.C. on functional considerations, action on which is now in progress.

As regards investigations to achieve the target of 250 MW of H.E. envisaged originally, it may be stated that the D.V.C. System, as it is, is not capable of producing 250 MW hydel power as envisaged in Voorduin's Preliminary Memorandum. The present capacity is 104 MW. To this may be added another 40 MW at Panchet and 20 MW at Konar when these units are installed. That will make it 164 MW. Tenughat Dam has been proposed to be constructed as a single-purpose water supply dam. Building of additional dams in the Baraker catchment in the proximate future is hardly a possibility. The experience of all these years about water potentialities of this catchment will go into such investigations as may be undertaken (if at all) with a view to determine the need and feasibility of further dams in the valley. It would therefore seem that the target of 250 MW hydel power generation can hardly be regarded as a live issue at present.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW, IV, dated the 20th November, 1965].

#### FURTHER REPLY OF GOVERNMENT

As already explained, there is further scope for one 20 MW hydel unit at Konar and one additional 40 MW unit at Panchet. The geological soil investigation necessary in connection with the former has been completed. The outline scheme has been drawn up after preliminary studies and estimates framed for a 25 MW pumped storage unit at Konar. The estimate for a second 40 MW unit at Panchet has also been prepared. The regular project reports will be prepared after the proposals are cleared by the Planning Commission for inclusion in the 4th Five Year Plan.

[Ministry of Irrigation & Power O.M. No. 8(6)/66—DW. IV, dated the 14th September, 1967].

#### Recommendation (Serial No. 5)

The Committee have in their previous Report expressed their concern over the inordinate delay in commissioning the three Power Units. They would like to be informed about the amount of penalty for this delay leviable under the contract and realised from M/s. MAN. They also desire that the acceptance tests in respect of the three units should be completed early and the Committee informed about the results. They trust that in case of the suppliers' failure to fulfil the performance guarantees, necessary action will be taken by the Corporation to enforce the other penalty admissible under the agreement. (Paragraph 7).

## REPLY OF GOVERNMENT

By a letter dated 15.7.1963 the Corporation proposed the following penalties on M/s. M.A.N. for delay in commissioning of Turbo-generator and the Steam-generator units supplied by them and demanded payment thereof within three months:—

**A/c. Turbo-generator Units**

Bokaro IV . . . . .	£ 30,600
Durgapur I . . . . .	£ 30,600
Durgapur II . . . . .	£ 30,600
	<hr/>
	£ 91,800
	<hr/>

**A/c. Turbo-generator Units :**

Bokaro IV . . . . .	DM 867,500	+	Rs. 43,380
Durgapur I . . . . .	DM 890,200	+	Rs. 43,380
Durgapur II . . . . .	DM 890,200	+	Rs. 43,380
	<hr/>		
	DM 26,47,900	+	Rs. 1,30,140
	<hr/>		

By two letters dated 6.9.1963 and 11.10.1963 M/s. MAN have denied liability in respect of both. They have disputed the date of commissioning in each case as determined by the Corporation and have also advanced other grounds in support of their contention. These are now under examination of the Corporation.

With regard to the performance guarantees, M/s. M.A.N. have represented that in view of the fact that the plants had been in operation for about three years, certain additional tolerance should be allowed for wear and tear during this period. As soon as an agreement on the point is reached and additional tolerance, if any, determined, arrangements for performance tests will be made. Pending decision in regard to penalty etc. the Corporation is holding Rs. 57,06,447/- of M/s. M.A.N. payments against possible enforcement.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

**FURTHER REPLY OF GOVERNMENT**

The Corporation reviewed the penalty question taking into account MAN's contention and the views of the Corporation's Chief Electrical Engineer thereon and decided (19.8.64) that the commis-

stoning dates for the steam generators and the turbo-generators of the three power units in question should be taken for contractual purposes, as:—

Unit	Steam generator	Turbo generator
DTPS I . . .	26.10.1960 . . .	6.12.1960
DTPS II . . .	27.12.1960	25.2.1961
BTPS IV . . .	31. 3.1960 . . .	20.4.1960

The delay in commissioning was reckoned accordingly—3 weeks for the steam generator and 7 weeks for the turbo-generator at DTPS and penalties amounting to DM 133530 plus Rs. 6507.00 on steam generator account and £14280 on turbo-generator account were finally imposed on MAN. These penalties have been recovered by deduction from MAN's bills (DM. 133530 on 8.10.1964, Rs. 6507.00 on 3.3.65 and £14280 on 8.11.64).

Performance tests were conducted in respect of DTPS Unit No. II. The result (Appendix III) of the tests was satisfactory both for turbo-generator and steam generator. Since identical turbo-generator and steam generator units had been provided for DTPS I unit and BTPS IV unit the result of the tests for DTPS II was also made applicable to the other two MAN units. There was thus no question of any penalty being imposed on account of performance of the steam generators and turbo-generators.

[Ministry of Irrigation & Power O.M. No. 8(9)/66, DW. IV, dated the 14th September, 1967].

#### **Recommendation (Serial No. 6)**

(i) *The Committee have in their previous Reports expressed their concern over the continued shortfalls in the utilisation of the DVC's irrigation potential, which not only jeopardise the financial interests of the Corporation but also undermine one of the avowed objects of the setting up of the Corporation. The Committee are perturbed at the inordinate delay that has occurred in taking up the execution of water courses and field channels, considering that the barrage was opened as early as in 1955. In the wake of uncertainty attending the transfer of the canal system to the West Bengal Government, the Corporation could have taken up the execution of water courses much earlier, pending the actual transfer. The Committee trust that vigorous efforts will be made to accelerate the excavation of water*

*courses and field channels in close coordination with the State Government. In this connection, the Committee would also like the DVC to examine whether any reduction in the rates would yield more revenue. [Paragraph 8(i)].*

#### REPLY OF GOVERNMENT

The Committee's observations have been noted.

The Corporation has submitted that under the conditions obtaining about the transfer proposal, various difficulties arose about execution of works, some of these difficulties having legal character. Uncertain of their tenure the engineers and the engineering subordinates were looking for other jobs in the country. With industries developing fast engineering jobs were not difficult to secure. This is a factor which constantly disturbs the public sector projects with major construction work in hand, and DVC which could offer the least security of service because of the talk of transfer, was affected very materially in execution of its Extension and Improvement and Water-courses programmes. Again, works involves contractual obligations and in an uncertain atmosphere it is very difficult to enter into legal obligations with any degree of confidence. The transfer negotiations, although protected, had never ensured that West Bengal would take over the system as a going concern, that is with all assets and liabilities. As soon as it was apparent to the DVC that the transfer was going to be delayed they lost no time, even with the limited personnel strength at their disposal in initiating measures towards implementation of the programmes.

The statement below indicates the progress made towards the execution of the two programmes. Now that the transfer progress has commenced it may be reasonably hoped that a decision whether DVC would continue to execute the works or West Bengal would do them on behalf and at the expense of DVC, will soon be reached clearing the way for unhampered progress of these works.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV. dated the 20th November, 1965].

#### Recommendation (Serial No. 12)

(1) The fact that the new bridge completely collapsed in the floods, while the old district board bridge withstood the floods and continues to be used, raises some doubt in the mind of the Committee about the genuineness of the Executive Engineer's Report on the condition of the old bridge and the need for

a new bridge. It is not clear to the Committee whether this Report was verified before sanctioning the construction of a new bridge. The Committee had desired a note in this behalf from the Ministry, which is still awaited. They suggest that this aspect should be thoroughly investigated and responsibility fixed.

The Committee consider it unfortunate that the contour map prepared by the Government of West Bengal long time back was not scrutinised while designing the new bridge. They suggest that the question of fixing responsibility for this should also be examined.

(ii) The Committee regret to observe that besides the execution of the work being sub-standard (as Reported by Deputy Chief Engineer in "very poor mortar or no mortar at all") there was lack of foresight on the part of higher officers in not accepting the proposal made by the Executive Engineer incharge to revise the design. The Committee would like to know the action taken against the Assistant Engineer and the Overseer responsible for the sub-standard work. (Paragraph 14).

#### REPLY OF GOVERNMENT

(i) The proposal for construction of a new bridge came from the Corporation's Deputy Chief Engineer. There is no recorded indication of whether the old bridge had actually been inspected by any higher officer before the proposal was submitted to the Corporation. There was no question about oldness of the district board bridge, but about its actual physical condition at the time no verification report or other contemporaneous record is available.

The bridge was inspected (3.8.63) by the Superintending Engineer of the Circle. The following extract from his report gives the present picture and by implication something of the past:—

"The District Board bridge has got two spans supported on longitudinal R.S. joists with R.C.C. decking on the top resting on 2 Nos. of screw piles braced by MS. angles. On the right side abutment it appears that 3 Nos. of Additional M.S. channel embedded with concrete was subsequently constructed to support the superstructure possibly due to the damaged condition of the piles. On the left hand side abutment no screw pile was visible. It appears that masonry work was constructed later on to give additional support to the superstructure. Also, it was noticed that the left hand span has settled down a bit.

The masonry work has started showing signs of cracks and the encased concrete has started falling off. The individual members like M.S. angle bracings etc. have also been damaged due to rust....'

When he said that 'half of the length of the bridge has already sunk done', the Executive Engineer probably meant no more than that the left side span had started subsiding and was already lower. The signs of support and repairs as are now discernible would suggest that the Executive Engineer was very likely correct if some allowance was made for hyperbolic expressions. In any case, there is no evidence to the contrary.

The direct cause of collapse of the new bridge was scour and pressure of flood rush which it could not withstand. The waterway was inadequate—the bridge had been underdesigned. The design had been based on the contour map provided by the Irrigation Department of the State Government. These maps had been taken for granted and no fresh contour survey was undertaken. It so happened that one particular map furnished contour particulars which were misleading. The discharge of the river at the point of the bridge was determined on the basis of the contour map showing certain configuration of the ground. If this configuration was correctly depicted in the map the flow across the Navigation Canal through the syphon at Ch. 3700 should have taken a different route and bypassed the bridge altogether. Actually, however, the discharge of the syphon ran contrary to the indication of the contour map and fell into the river thereby adding approximately 700 cusecs to the design discharge at the bridge point. In plain language it meant that at the time of the flood the bridge had to contend with a pressure which it had not been designed to meet and collapsed in the process. The clearance designed and provided was narrow than what it should have been if the contour map indicated possible run of the discharge through the syphon into the river ahead of the bridge. The configuration of the ground indicated by the map was thus a misleading factor.

No specific reference appears to have been made by the B. & I. Project to the West Bengal Government about the correctness of the contour map as at that stage its correctness was assumed and no doubt had arisen to the contrary. So, the designer of the bridge was misled and based his design on a possible discharge which eventually proved substantially lesser than what it should have been. The design went by materials available before him; the error lay in the data, not in the calculations made therefrom.



There was no defect in the construction of the bridge. In the circumstances explained above the question of fixing responsibility for under designing of the bridge does not seem to arise.

(ii) The Committee's observations noted. The Corporation has since considered the question of responsibility with reference to the explanations furnished by the Assistant Engineer and the Ex-Overseer and concluded that it would not be proper to hold the Assistant Engineer responsible for the defect. The following considerations weighed with the corporation in deciding that it would not be proper to hold the Assistant Engineer to be responsible for the defect:

- (a) The Assistant Engineer had to supervise a number of works scattered over an area of about 500 sq. mile;
- (b) His superior officers had ordered that priority be given to some more urgent and important works;
- (c) He had supervised the two important items of works viz. the R. C. C. foundation and type slab. Both these items had stood the test of time and were incorporated in the syphon as reconstructed; and
- (d) He did not find it possible to supervise the brick work. This was later found to be defective but this work could have been done in course of a day. The Assistant Engineer had to look after the works over a wide area and it could not have been physically possible for him to supervise each item of the work of the syphon.

The Corporation has since (17/4/65) found the ex-Works Assistant (now an employee of the South Eastern Railway) to have been negligent in his supervision of the construction of the syphon and has reported such finding to his present employer. The Overseer who is a pensioner of the Government of West Bengal, was held responsible for lack of supervision and it was decided that the matter should be reported to the Government of West Bengal for such action as they might consider necessary. A report was accordingly made to the Government of West Bengal on 23.10.1963.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

#### Recommendation (Serial No. 15)

**The Committee are not happy over the delay of more than 6 years (after 1956) in reaching a final settlement with the contractors in**

regard to the normal dewatering charges. It is not clear to the Committee why the normal dewatering charges calculated at the rate of Rs. 3.50 per cusec hour as agreed to by the contractors were revised in the two cases referred to in the Audit para in May, 1961 and July, 1961 respectively. There has also been undue delay in deciding to appoint an arbitrator.

In para 66 of their 39th Report (Second Lok Sabha) the Committee had emphasised the need for expeditious settlement of contractors' bills. The Committee desires that the outstanding issues in the present case should be settled expeditiously, and the arbitration proceedings speeded up. The Committee would also like to be informed of the final amount realised as normal dewatering charges. (Paragraph 17).

#### REPLY OF GOVERNMENT

The Corporation did not actually revise the dewatering charges in the two cases. The Dy. Chief Engineer (B&I) made a recommendation that the charge actually worked out at a lesser rate and some calculations were also furnished in support of it. The Corporation could not, however, accept the premises, which formed the basis of these calculations. Ultimately, recovery of normal dewatering charges at the rate of Rs. 3.50 per cusec hour was directed. So far, Rs. 22,000 and Rs. 7,500 have been deducted on this account from the contractors' running bills. As both the contractors have disputed the charges both the cases were referred on 23.10.63 & 2.1.64 respectively for the arbitration of the Corporation's Chief Engineer (Civil). Further recovery or adjustment, if any, has to await the Chief Engineer's arbitration award. The awards have since (9.2.65) been received and are under implementation.

There was no question of appointing an arbitrator until the Corporation had taken its decision about the rate and the decision questioned by the contractors. It was the decision that took time. As stated, the disputes which include claims of Rs. 3 lakhs from the contractor in case of the lock and of Rs. 1.75 lakhs from the other contractor (for the Regulator), have been referred to the Chief Engineer (October, 63 and January, 64 respectively) for arbitration.

[Ministry of Irrigation & Power O.M. No. 8(9)/63, DW. IV, dated, the 20th November, 1965].

#### FURTHER REPLY OF GOVERNMENT

The Arbitrator pronounced his awards on 9-2-1965. In case of the Regulator his award was that no dewatering charges were payable by the contractor and that the sum of Rs. 7500/- which had been recovered from him on the same account was to be refunded. In the case of Lock only a sum of Rs. 8901/- was recoverable from the Con-

tractor. Since Rs. 22,000/- had been recovered on the same account the difference was to be refunded to the contractor.

The Corporation accepted the awards after due consideration and directed implementation of the same by the Project concerned.

The final bills of the contractors are in the process of settlement but have not yet been disposed of. In the case of the Regulator a refund was made on 11-5-1965 as part settlement of the case.

[Ministry of Irrigation & Power O.M. No. 8(9)/63, DW. IV, dated the 14th September, 1967].

#### Recommendation (Serial No. 18)

(ii) The Committee desired to be furnished with a note stating the break-up of the amount (Rs. 405.93 lakhs) held under objection for want of detailed estimates, under categories, purchases, consultancy fees, works etc. and the number of items under each category, with reasons for non-preparation of detailed estimates and the present position regarding adjustment of expenditure. The Committee regret that the information is not yet received.

The Committee would like to be informed about the outcome of the proposal to revise the present procedure, dispensing with the formality of preparing detailed estimate in respect of purchase of equipment, consultancy fees etc. They trust that detailed estimates will invariably, be prepared in respect of civil and other works. [Paragraph 20(ii)].

#### REPLY OF GOVERNMENT

(i) Project-wise, the break up is as follows :—

	( Rs. )
(i) Bokaro Thermal Power Station (Units I, II and III)	4,05,90,424
(ii) Bermo mines	2,150
(iii) Bokaro Thermal Power (Station Unit IV)	192
<b>TOTAL</b>	<b>4,05,92,766</b>
	Or
	405.93
	lakhs approx.

Item (i) is composed of 28 sub-items classified under two broad heads "Works" and "Tools and Plants" of which a few major sub-items are specified below :—

	( Rs. )
Repairs and maintenance of Boiler Plant	3,65,272
Purchase of T. & P	88,468
Power House-other charges (Rupee account)	2,75,74,709
Customs & Haulage	68,29,309
Special Tools & Plants	47,92,045
Boiler Plant	2,00,721

(Rs.)

Prime Mover and Auxiliaries . . . . .	1,10,915
Operation and Maintenance of aerial ropeway . . . . .	1,21,096
Electric equipment . . . . .	41,331
Tools Plant & furniture for laboratory . . . . .	80,323
Repairs and maintenance of electrical equipment . . . . .	48,689

Included again, in Power-House other charges (Rupee account) are about hundred items coming under :—

Excavation . . . . .	Crane foundation
Sheet piling concreting . . . . .	Coal handling plant structural materials Rail Roads.
Turbo-generator foundation . . . . .	Ventilating and Air conditioning equipment.
Intake and discharge tunnels . . . . .	Ash Burner etc.
Machinery foundation Backfilling . . . . .	..

It will be seen from the above that the expenditure includes purchases as also works. The largest item (Power House—other charges Rupee account) is an aggregate of purchase works, consultancy fees etc. To categorise the expenditure adding up to Rs. 405.93 lakhs under purchases works, consultancy fees etc. separately will require considerable time. It will, however, be apparent that purchases (from abroad) accounted for a very substantial part of the total expenditure.

Messrs Kuljian Corporation of U.S.A. were the Corporation's Consulting Engineers for erection of the power plant at Bokaro and ancillary works. In terms of the contract with the Consulting Engineers they introduced their own accounting system which was an integration of costing and financial accounts. The system did not envisage preparation of detailed estimates apart from what were in the DVC Project Estimates. The costing system provided facilities for exercise of control over expenses. The expenditure incurred by the Consulting Engineers was booked in the DVC financial accounts under certain broad heads. Audit's objection is apparently related to non-observance of the CPWD accounting system whereas M/s. Kul-

Corporation maintained accounts somewhat differently presumably in accordance with practice prevailing in U.S.A.

As general proposition, the difficulties in the matter of preparation of detailed estimates relate to items of purchase of heavy machinery and plants from overseas on basis of tenders ocean freight, customs duty etc. Those are neither amenable to check nor are known at the time when detailed estimates are prepared for technical sanction.

The position regarding adjustment in regard to item (iii) is that an estimate was actually sanctioned in 1957-58 (No. 26 of 57-58). This has since been shown to Audit. Item (ii) was composed of two items, Rs. 1720/- for carrying water to the Bermo mines for drinking purpose and Rs. 430 for equipping the Mines first aid room. The former sub-item was sanctioned by the Corporation in January, 1956 (Sanction No. M-3844, dated 9.1.56) but as the contractor delayed submission of his bill payment could not be made earlier than March, 1959. Audit point is that a fresh sanction was necessary for 1958-59 in which year this expenditure was incurred as the earlier sanction had lapsed. This is being regularised now. The second sub-item was also sanctioned at the time by the Mines Manager treating the same as a contingent expenditure for the Mines. Audit view is that the item required the sanction of the Chief Medical Officer as the expenditure related to his department. This is also being regularised.

Adjustment of item (i) will be done in accordance with the procedure that has lately (18.6.64) been advised by Audit for regularising the 'Want of estimates' and the 'Excess over estimates' items of objections outstanding at the end of 1961-62 and similar items from 1962-63 onwards. The procedure is embodied in the following extract from the letter No. AT/DVC/WP/241-364, dated 18.6.64 from the Senior Deputy Accountant General, DVC to the Damodar Valley Corporation:—

"..... The Comptroller & Auditor General of India has agreed to the proposal that objections for want of detailed estimates in respect of works completed upto 1961-62 may be waived on specific request from the Corporation for such waiver without any prejudice to our right to include suitable comments on the subject in the Audit Report. Such request should, however, contain explanations regarding difficulties that stand in the way of preparing and sanctioning detailed estimates of the

works, after the appropriate authorities satisfy themselves with reference to the available records about the reasonableness of expenditure in each case. Besides obtaining certificates for reasonableness Corporation authorities should also certify that the works as executed did not exceed the scope prescribed by the competent authority.

The above procedure will not cover cases of works held under objections on 31.3.62 but not completed on that date as also works undertaken in CTPS and extensions to existing power stations at Bokaro and Durgapur. In these cases, the proposal of Chief Electrical Engineer to have detailed estimates sanctioned on the basis of available data in the first instance, to be followed up by a revised technical sanction once a year or earlier, incorporating further information as are having a bearing on the estimates, may be given effect to.

As regards objections, regarding excess over estimates, the excesses may be regularised by submission of completion reports with certificates of reasonableness of expenditure and cases where expenditure is unduly excessive should be investigated and results reported to audit.

In order to waive the amounts of such objections already incorporated in the audit report, it is requested that a detailed list of objections with necessary request for its waiver and requisite documents in support thereof, may kindly be furnished to this office at a very early date so that outstanding items held under objections may be reduced and the latest position be ascertained for the information of P.A.C.....".

The Corporation has initiated action on the lines suggested by Audit and will implement the suggestions as expeditiously as possible. The process will however take some time.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

(ii) Actions as per suggestions made by Audit are being processed. It is an elaborate task with manifold implications, but the matter is being attended to.

#### Recommendation (Serial No. 20)

(1) The Committee regret to observe that the Fishery Scheme which was started ten years back has not yet yielded satisfactory

results. The Committee find little justification for the Corporation continuing to run the fisheries when it has to attend to more important functions and it cannot effectively deal with the problem of poaching. They, therefore, suggest that the question of transferring the fisheries to the respective State Governments on royalty basis should be examined. [Paragraph 22 (i)].

#### REPLY OF GOVERNMENT

(i) The Committee's observations have been noted.

The State Team for fishery was set up by the Govt. of West Bengal under their order No. 1789-Fish, dated 20-5-63 with representatives from the Bihar Government, West Bengal Government, and the DVC, and is presently examining all questions relating to fisheries in these parts. The team includes experts also and is presided over by a Secretary of the Bihar Government. The DVC fisheries are also under review of this Study Team. It may be advisable to consider transfer of the DVC fisheries to the State Governments for management when the views of the Study Team has been known.

The DVC reorganisation proposals also envisage the transfer of DVC fisheries to the respective State Governments. There are however difficulties about transfer of the DVC fisheries to the State Govts. as at least two major fisheries—Maithon and Panchet are territorially partly within Bihar and partly within West Bengal. Transfer of the other two (Tilaiya and Konar) while Maithon and Panchet may have to be retained, can hardly serve any useful purpose.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

#### FURTHER REPLY OF GOVERNMENT

(i) The D. V. C. fisheries have been leased to the Central Fisheries Corporation for a period of seven years with effect from the 1st July 1966 at an annual rental of Rs. 10,000. The Central Fisheries Corporation has also taken over most of the D. V. C. fishery staff on deputation basis.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW. IV, dated the 14th September, 1967].

**Recommendation (Serial No. 21)**

*The Committee had desired to be furnished with a note stating the specific difficulties standing in the way of a settlement with the Government of Bihar regarding the valuation and transfer of the reclaimed land at Maithon and whether the question of referring the matter to arbitration or the Government of India had been considered. The Committee desire that the information should be furnished to them as early as possible. They would defer consideration of the matter till the examination of the next year's Audit Report. (Paragraph 23).*

**REPLY OF GOVERNMENT**

The lands were meant for resettlement of persons displaced by acquisition. These had been reclaimed for the purpose. The Government of Bihar were entrusted with resettlement. The lands were however not accepted by the people for whom they were meant. The reason why the surplus reclaimed lands in Maithon area have not been taken over by the State Government is best known to them. That the displaced persons could not be persuaded to accept these lands for rehabilitation was, probably one factor. The utilisation of the lands for other purpose must be another consideration. Somehow, the Govt. of Bihar have not come forward with their final word regarding taking over of the reclaimed lands not allotted for rehabilitation. The Damodar Valley Corporation is in correspondence with the Government of Bihar who have been sending interim replies from time to time. The decision of the State Government is awaited. None of the issues has, however, taken the shape of dispute which can be arbitrated or mediated on. Therefore, arbitration or intervention of the Government of India in the matter has not been considered by the Corporation. If a settlement is not reached despite renewed endeavours which may include top level discussions, alternative will be considered in due course.

[Ministry of Irrigation & Power O. M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

**FURTHER REPLY OF GOVERNMENT**

There are still some points on which agreement with the Government of Bihar has not been achieved. The matter is, however, under active consideration of the Corporation and a settlement with



the Bihar Government may be expected to be reached within a reasonable time.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW. IV, dated the 14th September, 1967].

### Recommendation (Serial No. 22)

Referring to an amount of Rs. 1·81 crores outstanding as on 31st March, 1962, under 'sundry debtors for current supplies', the Committee desired to be furnished with information on the following points:—

- (i) What were the reasons for such a large outstanding as on 31.3.1962? What was the outstanding against Government departments/private parties?
- (ii) What was the amount, if any, which remained outstanding for more than two years and how far had recoveries since been made?
- (iii) What was the position of outstanding recoveries as on 31-3-1963?

The information is still awaited.

The Committee feel concerned at the heavy outstanding amount due to the Corporation for current supplies, and trust that vigorous efforts will be made by the Corporation to expedite the recoveries. They will examine the matter when they consider the next year's Audit Report. (Paragraph 24).

### REPLY OF GOVERNMENT

The explanation is really very simple. The sum (precise figure Rs. 1,80,70,304) represented dues payable by various customers of the Corporation on account of electricity supplied in February and March, 1962. Fifteen parties (bulk consumers) were concerned and they were:—

Private parties	Rs.
The Calcutta Electricity Supply Corporation.	59,25,615
Dishergarh Power Supply Co.	9,35,769

Indian Iron & Steel Co.	4,24,939
Associated Power Co.	5,23,523
Sijua Jharia Elec. Supply	5,30,975
Associated Cement Co.	1,34,593
Tata Iron & Steel Co.	32,17,705
Indian Copper Corporation.	1,52,843

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**Government Departments**

Rs.

Bihar State Elec. Board	40,66,655
West Bengal State Elec. Board.	4,42,724
Eastern Railway.	8,83,905
South Eastern Railway.	51,355
Durgapur Steel Project.	6,78,365
Hindusthan Cables.	8,738
Chittaranjan Loco Works	92,602

The bills were payable in April and May, 1962, and were actually collected accordingly and duly accounted for. For obvious reasons, the dues had to be shown outstanding as on 31.3.1962. Of these claims none was outstanding as on 31.3.63.

It will be seen that the outstandings referred to have already been recovered.

[Ministry of Irrigation & Power O. M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

**Recommendation (Serial No. 24)**

The Committee note that in the cases referred to in para 28 of the Report the replies furnished by the Ministries/D. V. C. are of an

interim nature. They will therefore await a further report thereon. (Paragraph 26).

REPLY OF GOVERNMENT

3. Para 46 of the 39th Report (1961-62).

A Negotiation Committee was formed with the Financial Adviser and the Chief Electrical Engineer as representatives of the Corporation to examine the claims on both sides and come to a settlement by negotiation with the representatives of the Consulting Engineers (M/s. Kuljian Corporation). The Committee made their recommendations in September, 1963 which have been accepted by the Corporation on 28.9.63. As against the claim of the D. V. C. (Rs. 1,64,082/-) the claim of the Kuljian Corporations, as finally admissible, emerged as follows:—

U.S. \$ + Rs.

(i) For changes in drawing due to change in boiler order . . . . .	4,400 + 20,900
(ii) For idle hours owing to change in boiler order . . . . .	15,000 + 71,250
Sub-Total . . . . .	19,400 + 92,150 = Rs. 1,84,494
(The dollar element being converted to Rupees at the rate of U.S. \$ 1.00 = Rs. 4.76)	
(iii) For extended stay at D.T.P.S. . . . .	22,386 + 63,599.10
TOTAL . . . . .	41,786 + 1,55,749.10

The Kuljian Corporation agreed, as a measure of goodwill, to set off the whole amount of their claims against sub-total 'A' (Rs. 1,84,494) above against the claims of the DVC (Rs. 1,64,082). The aggregate of the Consulting Engineers' claims as held admissible having exceeded the aggregate claims of the Corporation on the Consulting Engineers' and the latter having agreed to rebate the entire difference as a measure of goodwill, both the groups of claims were regarded as settled on such basis.

4. Para 84 of the 39th Report (1961-62).

As against para 46 of the 39th Report.

**5. Para 55 of the 39th Report (1961-62).**

Faulty construction of the tower bases having been established the Corporation found all the engineering personnel (from the Superintending Engineer downwards) charged with supervision of the work, to be guilty of negligence in the discharge of their responsibilities. This finding was communicated on 6.11.63 to the Asstt. Engineer through his present employer (Durgapur Projects Limited) and to the Executive Engineer on 7.11.63 at his residential address as known to the Corporation. The whereabouts of the Superintending Engineer could not be traced.

For remedial measure on defective tower foundations an estimate has been prepared after inspection of all tower bases. The estimate sanctioned on 4.1.64 is for Rs. 83,910/- only.

The design of remedial works with details were finalised in March/April, 1963 but actual commencement of work was deferred till sometime after monsoon as it involved disturbing of soil and carrying out fairly deep excavation at tower footings for grid lines in operation which under nor-wester conditions in April/May and monsoon conditions till October/Nov. would jeopardise the safety of the towers.

The preliminary work in connection with the rectification commenced in the last week of January, 1964. The actual rectification work, however, started on the 7.3.64.

**6. Para 72 of the 39th Report (1961-62).**

A claim for Rs. 95,717.57 against the ex-clearing Agent has been lodged with the Official Liquidator (16.8.63). The Official Liquidator has intimated (28.8.63) that this claim will be investigated along with claims from other creditors of the firm in liquidation. The claim of Rs. 14,998.26 by the official Liquidator on the Corporation on account of the firm has not been paid pending a decision on the Corporation's claims.

**7. Para 18 of the 5th Report (1961-62).**

The note will be furnished by the Ministry of Home Affairs. A reference is invited to their O.M. No. F. 30/20/63-AC-I, dated 29-2-64 to Lok Sabha Secretariat.

**8. Para 23 of the 5th Report (1962-63).**

The present position of outstandings is indicated below:—

(i) Private Parties	Rs. 1.20 lakhs.
(ii) Government/Govt. Projects	Rs. 4.96 lakhs.

Out of the sum of Rs. 1.20 lakhs, Rs. 0.26 lakhs proposed to be adjusted by deduction from a contractor's bill is awaiting adjustment pending the actual payment of the bill to the contractor.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

(Sl. No. 5 under 26) The rectification work was completed by the 20th April, 1965.

(Sl. No. 6 under 26) The Official Liquidator has admitted the claim of the Corporation to the extent of Rs. 71,986.81 after adjustment of the contractor's dues from the Corporation. The D.V.C. has, however, been regarded as an ordinary creditor. To what extent the payment would eventually be received is uncertain. No further communication has been received from the Official Liquidator in the matter.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW, IV dated, the 14th September, 1967].

#### Recommendation (Serial No. 26)

*The Committee feel concerned at the delay in the settlement of the amounts refundable to the Corporation by the Bihar Government from the advance deposits made to the Land Acquisition Officers during the period 1949-50 to 1960-61 in respect of lands acquired in the State. They desire that vigorous efforts should be made by the Corporation to execute conveyance deeds in respect of the lands acquired in Bihar and to pursue the question of refunds. (Paragraph 28).*

#### REPLY OF GOVERNMENT

The Committee's observations have been noted. The matter of refund of unspent land acquisition deposits is being diligently pursued by the Corporation. It appears that the real difficulty has arisen on account of the records of the concerned Land Acquisition Offices not being complete. The Government of Bihar are yet to have final reckoning of the amount refundable to the Corporation.

The conveyance deeds are yet to be executed. A draft has been submitted (18.9.63) to the Bihar Government for their final approval but the approval has not been received so far. The matter is being pursued by correspondence at the appropriate level.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

**FURTHER REPLY OF GOVERNMENT**

(a) The Government of Bihar have since made a refund of Rs. 13,93,584.78 only as per details below:—

- (1) Rs. 5,00,800.89 by Land Acquisition Collector, Dhanbad, against an estimated amount of Rs. 15,22,208.50. (The latter amount has been computed by the D. V. C. as refundable and is provisional).
- (2) Rs. 8,84,148.00 refunded on account of Jamtara area against an admitted sum of Rs. 11,73,684.42.
- (3) Rs. 8,696.89 refunded by Land Acquisition Officer, Hazari-bagh, against a sum of Rs. 25,257.38.

(b) The form of conveyance deed has not yet been finalised. The draft received from the Government of Bihar (14.1.66) contains a clause to which objection has been raised by the Corporation (August '66). The matter is under discussion with the State Government. Due to unprecedented drought in Bihar, the State Government did not hold the conference which was expected to be held early this year. The matter was last discussed by the D. V. C. with the State Government in August, 1967.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW. IV, dated the 13th October, 1967].

**Recommendation (Serial No. 27)**

*The Committee would like to defer examination of the question of introduction of concurrent internal checks for works till the receipt of further information promised by the Ministry of Irrigation and Power. (Paragraph 29).*

**REPLY OF GOVERNMENT**

Internal check in the shape of quality control (or performance audit) has already been introduced in electrical constructions including their civil items. The particulars are given below:—

(a) All departmental civil construction works are inspected by a separate inspection wing under the control of the Chief Engineer (Civil). The unit is composed of an Executive Engineer and a few Assistant Engineers, Research Officers, Research Assistants and functions under general superintendence of a Superintending Engineer. There is also a testing laboratory attached to the unit.

(b) Quality control in respect of civil works entrusted to contractors is looked after by the Superintending Engineer (Civil) attached to the Electricity Department.

(c) All major electrical plant and equipment other than turbo-generators are inspected during the manufacturing process by independent agencies engaged for the purpose (M/s Bureau Varitas for

Ghandrapura Power Plant Equipment). Turbo-generators are inspected by the Consulting Engineers. For minor plant and equipment test certificates are furnished by manufacturers proving compliance with acceptable standards (ASTM, ASME, ASA, etc.).

(d) At site, quality control of erection is carried out by departmental officers as well as by the Consulting Engineers. Special welding work is 'X'-rayed and hydraulically tested under the supervision of the Boiler Inspection Organisation of the Government.

(e) Special check and inspection of the finished work is carried out by the operation and maintenance wing of the Electricity Department in conjunction with construction personnel; and

(f) For important equipment manufacturer's factory trained specialists are brought down to certify proper erection.

On the pure civil side no separate inspection wing has been created as these works have tapered off. The Corporation has, however, issued the following instructions in order to ensure a fair amount of internal check on quality of the major construction work undertaken by them:

(i) Whoever possible work should be undertaken departmentally especially at sites of doubtful nature or for works of complicated type.

(ii) Where the work is big although its nature may be ordinary, it should be subjected to careful supervision. On no account should important items of work like passing of foundation, laying of reinforced concrete, checking of reinforcement, pouring of roof slabs etc. be left to the supervision of junior officers.

(iii) Correct record should be kept of

- (a) who inspected the foundations and passed them for concreting,
- (b) what changes if any were made to suit local conditions.
- (c) who actually supervised construction at different stages, etc.

(iv) Whether abnormal ground conditions are encountered of structures previously built in the area have shown cracks or other defects relatable to foundation conditions, a report should be made to the Central design office who in their turn should send a senior officer to investigate the site, carry out necessary field and laboratory investigations and recommend the type of foundation that ought to be adopted.

(v) Whenever in the process of construction difficulties are experienced, a special report should be sent on the difficulties encountered and the methods adopted to overcome the same. Such report

should be available at a central office for examination, and, if and when necessity arises, for investigation into the causes of any defects that may occur after the construction is over; and

(vi) When works are given on contract quality control should be exercised equally vigilantly, by suitably adopting the above measures.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

#### **Recommendation (Serial No. 28)**

*The Committee feel concerned over the heavy losses incurred by the Corporation in the purchase of unsuitable machinery and equipment. They desire that the present procedure in regard to the purchase and disposal of machinery and equipment should be streamlined with a view to avoid any pitfalls in future. (Paragraph 30).*

#### **REPLY OF GOVERNMENT**

The Committee's observations have been noted. The Government of India have constituted a Committee of Experts for standardisation of equipment to be procured by the River Valley Projects. The Chief Engineer (Civil) of the Corporation has been nominated to represent the Corporation on the Committee. The Corporation considers that it will be more advantageous if its purchase procedure was streamlined taking due account of the recommendations of the Standardisation Committee.

The disposal procedure is in the main governed by the Government of India's 'Drill' in this behalf. For the rest the existing procedure would seem to be adequate and require any substantial modification in any respect.

Delay in recovery of price bills is usually caused by factors which are hardly amenable to procedural influence, such as disputes regarding price, chargeability of interest for delay in payment, etc.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].



### CHAPTER III

## RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

### Recommendation (Serial No. 2)

(i) *While the Committee are glad to note that the Government of West Bengal have agreed to pay a sum of Rs. 60 lakhs on a provisional basis in respect of the Corporation's post 1958 claims of Rs. 1.44 crores (out of which a sum of Rs. 40 lakhs has already been paid and the balance would be paid during 1963-64), they regret that the stalemate (which was caused by the undue delay in working out agreed figures for the acreage under irrigation and by disagreement in regard to rates of charge) between the Corporation and the State Government has not yet been resolved. The Committee have in the past emphasised that, whatever the constitutional position, a satisfactory solution to the question can be arrived at on practical considerations. They trust that the parties will appreciate this and come to a final settlement in regard to both pre-1958 and post-1958 claims at an early date. [Paragraph 4 (i)].*

### REPLY OF GOVERNMENT

(i) Noted. Against four claims pertaining to the period preceding the enactment of the West Bengal Irrigation (Imposition of Water Rate for DVC Water) Act, 1958 the State Government have so far paid only two, amounting to Rs. 25,150 only. The major claims, one for *kharif* water, 1957 amounting to Rs. 18,88,219·00 and the other for additional release of water from the Maithon Dam, 1957 amounting to Rs. 1,65,700·00 remain outstanding. The West Bengal Government have not even admitted these claims. Accordingly a sum of Rs. 20,53,919·00 is outstanding against pre-1958 claims which has neither been admitted nor paid by the West Bengal (in full or in part).

In addition to the sum of Rs. 40 lakhs which had been paid by the Government of West Bengal in 1962-63 they also made a further

payment of Rs. 20 lakhs on 7-12-1963 against the water rate bills of the Corporation for the post-1958 period. These have been ad-hoc payments without prejudice on either side. There has been no other payment since.

Having regard to the fact that the revenue accounts of the Corporation have been opened with effect from 1-4-1963, the difference of opinion on water rates payable by the West Bengal Government to the D.V.C. has lost much of its significance. Under Section 37 of the DVC Act the net deficit is to be borne by the Government concerned in proportion to their respective shares in the total capital cost attributed to Irrigation. The West Bengal Government being the sole beneficiary under Irrigation, it is not of great significance if they pay more by way of water rates and bear a reduced deficit or loss by way of water rates and bear a heavier deficit. The difference of opinion regarding water rates is, therefore, in the present context of only academic importance.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

#### COMMENTS OF THE COMMITTEE

The Committee considers it regrettable that it has not been possible for the D.V.C. to secure a settlement of its outstanding dues amounting to Rs. 3.82 crores, with the West Bengal Government, even after a lapse of over 8 years. They hope that the matter would be pursued more vigorously at the ministerial meeting to be held shortly between the Union Minister of Irrigation, Ministers of West Bengal and Bihar and decision reached in the matter early. They also trust that the decision about the reorganisation of D. V. C. would also be expedited.

#### Recommendation (Serial No. 7)

(i) The delay in the opening of the navigation canal to traffic (which was due to be opened in July, 1959) and the resultant loss of revenue has been discussed by the successive Committees. While the Committee are glad to learn that the canal is at last reported to be ready for use, they regret that the various problems attending the actual opening of the canal to traffic have not yet been solved. They hope that these problems will be tackled in collaboration with the Government of West Bengal without further delay. [Paragraph 9 (i)].

(ii) The Committee feel concerned at the delay in establishing the causes of the collapse of the bridge, which took place in Septem-

ber. 1959. They trust that the finalisation of the findings of the Expert Committee will not be further delayed. They would like to know the action taken to fix the responsibility for the collapse of the bridge on the basis of the findings of the Expert Committee and the remedial measures applied to other similar structures. [Paragraph 9 (ii)].

#### REPLY OF GOVERNMENT

(i) The Committee's observations have been noted.

Apart from dredging of the tail end which will be taken care of with procurement of the dredger, the only problem that remains is the setting up of a transport agency.

As per recommendation of the DVC Navigation Advisory Committee the Government of West Bengal set up a Water Transport Board in March, 1963 for tackling some of the more immediate problems relating to navigation in the canal and conducting a transport service on an experimental basis either in the private or in the public sector. Accordingly M/s. Fraser & Company Ltd. of 6, Fairlie Place, Calcutta, operated on an experimental basis a flotilla up and down the canal, and submitted a report on 30-12-1963 on the experience gained by the trip. The report was examined by the State Government who informed the Government of India that they had neither the experience nor the resources to undertake navigation in the canal departmentally. They were, however, agreeable to the DVC formulating a suitable scheme for starting navigation in the canal to which they were willing to lend their support. The Damodar Valley Corporation accordingly invited tenders from Private water transport agencies for starting commercial navigation service in the DVC Navigation Canal. The Corporation has accepted the tender of M/s. Hindustan Shipping Co. Ltd., Howrah. This Company will operate commercial navigation in the canal for a period of ten years.

(ii) The Committee's observations have been noted.

The Corporation has been asked to expedite the findings of the Expert Committee with a view to fixing responsibility for the collapse of the bridge.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

**FURTHER REPLY OF GOVERNMENT**

(i) The commercial operation of the Navigation Canal was entrusted to M/s. Hindustan Shipping Co. Ltd. The operation of the canal was started on 27-10-1965, but it was suspended in early April, 1966. Operation has not been resumed so far. The Corporation are looking into this, in consultation with their Law Department, and will consider appropriate action in terms of their agreement with the Shipping Company, in due course.

(ii) The Expert Committee has not yet submitted its report to the Corporation. It is however understood that the report is being finalised and will be submitted shortly.

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW. IV, dated the 14th September, 1967].

**COMMENTS OF THE COMMITTEE**

It is seen from the reply of Government that dredger which was expected to be received in 1964 is yet to be procured. The Committee regret to note that there has been no progress in this matter. They hope that the dredging operations and the setting up of the Transport Agency would be expedited by the Corporation.

*Further the Committee considers it equally regrettable that commercial navigation service in the D.V.C. Navigational Canal after having been entrusted to M/s Hindustan Shipping Co. Ltd. was operated only for a short duration from 27th October, 1965 to April, 1966 when this was again suspended. The Committee note that the operations had not been resumed so far. The Corporation was stated to be looking into the matter in consultation with their Law Department and would consider taking appropriate action in terms of their agreement with the Shipping Company in due course. The Committee hope that action in the matter would be taken early. The Committee would also like to be informed when and what action has been taken and the result thereof. The Committee would also like to know what steps Government propose to take for early opening of the canal to navigational traffic.*

**S. No. 7 (ii) (Para 9)**

The Public Accounts Committee (1962-63) were informed that the matter of the Collapse of regulator might be referred to a Committee of Engineer representatives from the Central Power and Water Commission, West Bengal Government and the Corporation for study (1963-64) were informed that the Expert Committee had requested for extension of time for submission of its Report till December, 1963. On the 16th September, 1967 Government have again informed that the expert Committee has not yet submitted its report to the

Corporation. The Committee is surprised at the long time taken by the Expert Committee in finalising its findings in the matter and urge that the Report might be expedited.

#### Recommendation (Serial No. 13)

(i) While the Committee appreciate that the difficulties encountered in the construction of the conveyor were real, they feel that closer co-ordination between the DVC and the Steel Plant and the Railways could have minimised the delay in its commissioning and the resultant additional expenditure of Rs. 2.04 lakhs due to transport of middlings by road instead of by the conveyor. The Committee desire that the amount payable by Steel Plant's Consultants to the Hindustan Steel and also the amount payable by the latter to the DVC on account of the change in the design of the conveyor structure should be finalised early. The Committee also trust that claims of Corporation on account of additional expenditure incurred by them both on procurement and transportation of coal will also be settled expeditiously with Steel Plant authorities.

(ii) The Committee feel concerned over the non-utilisation of gas by the Power Station resulting in a considerable loss (Rs. 2,750 per day according to the Steel Plant authorities which comes to about Rs. 10 lakhs per annum). The Committee hope that, in accordance with the assurance given to them during evidence the Corporation would be in a position to adjust their Power Plant to utilise both coal and gas by October, 1963. They also desire that charges payable for supply of gas should be finalised early. (Paragraph 15).

#### REPLY OF GOVERNMENT

The Committee's observations have been noted.

As regards finalisation of the amount payable by Hindustan Steel to the DVC on account of the change in the design of the conveyor structure, the Corporation has been in correspondence with the Hindustan Steel since May, 1963, with a view to settlement of the same. The latter having asked for the basis of the claim, how the amount has been worked out, etc., a reference has been made (1-10-63) to M/s M.A.N., the Corporation's contractors, for the requisite details. The charges claimed by HSL on account of laying of the gas main in the DVC area were negated by the DVC on the ground that laying of the belt conveyor within the HSL area and of the gas main within the DVC area had been on reciprocal basis so that it was HSL's responsibility to provide gas main in the

DVC area at their own cost. M.A.N. were unable to furnish the details as the case was pretty old and they had not preserved the records (12-11-63). This was intimated to HSL (28-12-63) but they again insisted on the details (6-2-64). The D.V.C. pointed out the difficulties about these (3-3-64) and asked to be furnished with HSL's own calculation (for the weight of extra steel required for the job and the price thereof) if they had made them.

It will be seen that although the HSL had accepted the D.V.C's claim for extra charges, in principle, as far back as May, 1959, they have put off payment or admission of any particular amount all this time on this or that ground. The matter is, however, being pursued with HSL.

As to the claims of the Corporation with the Steel Plant authorities on account of additional expenditure incurred by the Corporation on procurement and transportation of coal, a sum of Rs. 1,15,210.12 was deducted as penalty from their bill on the 20th July, 1963.

The DTSPS unit No. 2 was restarted on 9-2-64. On 11-2-64 the machine tripped owing to high level of vibration. A thorough alignment check was carried out by the M.A.N./A.E.G. personnel and the machine was again started on 4-3-64. It was then observed that on higher load the shaft eccentricity was excess of the permissible limit; the machine had to be stopped as it was felt necessary to thoroughly investigate the problem. Accordingly the unit was shut down on 13-3-64 and the machine handed over to M.A.N. They made a number of checks and the machine was started and stopped a number of times in between 13-3-64 and 17-5-64. The machine was finally synchronised on the latter date when it was found to carry full load without encountering any vibration or eccentricity trouble.

The supply of coke oven gas from H.S.L. commenced on 26-7-64 but the power station stopped taking supplies from 29-8-64 because the Steel Plant could not release more than 4000 cubic meters per hour against our requirement of 36,000 cubic meters per hour for which the boilers had been designed. The release of limited quantity of gas resulted in blocking of 7 out of 9 burners and for that it was decided to discontinue taking gas from H.S.L.

It has unfortunately not been possible to finalise the price of gas as yet. The matter is still under correspondence between the D.V.C. and the Hindustan Steel Ltd.

[Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965].

## FURTHER REPLY OF GOVERNMENT

(i) The issue with the Hindustan Steel Ltd., is still not settled. The matter is being pursued and some discussions between the Financial Adviser of the D.V.C. and the Financial Adviser of the Durgapur Steel Plant have taken place.

(ii) Fixation of price of gas is another item of discussion between the Financial Advisers of the two Projects (D.V.C. and the Durgapur Steel Plant).

[Ministry of Irrigation & Power O.M. No. 8(6)/66-DW, IV dated the 14th September, 1967].

## COMMENTS OF THE COMMITTEE

S. No. 13(i) (Para 15)

*Progress in the finalisation of amount payable by the Hindustan Steel Ltd. to the D.V.C. on account of the change in the design of conveyor structure has been very slow and unsatisfactory. The Committee are unhappy at unduly long time taken in the matter. Differences of opinion between two public undertakings should be ironed out quickly, if necessary, by reference to Government or mutual consultation at the highest level.*

S. No. 13(ii) (Para 15)

*The Committee has referred to this matter in Para 46 of their Twenty-Ninth Report on the Durgapur Steel Plant. They hope that the D.V.C. and H.S.L. will make renewed efforts to settle the question of the price of gas at an early date. It is extremely undesirable that disputes of this nature between two public undertakings should linger on for years. If the undertakings cannot come to settlement, the Government should do the needful for them.*

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## CHAPTER IV

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### Recommendation (Serial No. 24)

*The Committee note that in the cases referred to in para 26 of the Report the replies furnished by the Ministries/D.V.C. are of an interim nature. They will therefore await a further report thereon. (Paragraph 26).*

#### REPLY OF GOVERNMENT

##### 1. Para 48 of the P.A.C. 14th Report (1958-59).

The position in regard to the rehabilitation houses is that except for eight which have been retained by D.V.C. for its Soil Conservation Deptt. all the houses have been disposed of by transfer to the Bihar Government or otherwise. An account is given below:—

No. of houses	Disposal	
343	(a) Allotted to displaced persons	161
	(b) Transferred to Bihar Govt.	118
	(c) Retained by DVC for Soil Conservation Deptt.	8
	(d) Sold by auction	56
TOTAL		343

The total recovery by the above process has amounted to Rs. 5,61,016 which is a little over 53% of the cost on the houses. (The amount of recovery is yet to be verified with Accounts figures). A complete picture is still to emerge as the Corporation has not succeeded so far in obtaining full information in regard to the acquisition cost of the concerned lands from the land acquisition



authorities of the Bihar Government. The surplus lands have been offered to the Government of Bihar for resumption in accordance with the normal procedure and correspondence in this regard has been going on for the last four years. The decision of the State Government is however still awaited.

2. *Para 41 of the 36th Report (1960-61).*

Approval of the World Bank for disposal of the drag scraper was received in August, 1963. The National Coal Development Corporation as an intending buyer has caused inspection of the equipment and has asked for certain particulars. These particulars have been furnished (25.9.63) and decision of the National Coal Development Corporation is now awaited. No enquiry has been received from any other project in the public sector.

It is also proposed to dispose of the spares, if any, for the equipment alongwith the main equipment.

[*Ministry of Irrigation & Power O.M. No. 8(9)/66-DW. IV, dated, the 20th November, 1965*].

FURTHER REPLY OF GOVERNMENT

*Para No. 26*

**PRESENT POSITION:**

(Sl. No. 1 under 26) The matter has unfortunately not been settled yet. The case is being pursued.

(Sl. No. 2 under 26) The National Coal Development Corporation did not buy the Drag Scraper. Presently, the Kalyanpur Lime and Cement Works Ltd. are showing some interest and they have proposed inspection of the equipment. The Drag Scraper being a special type equipment used for handling, stacking and reclaiming coal, demand for the same within the country appears to be limited. If the present negotiations fail, the equipment will have to be disposed of by tender after engineering assessment of its residual value.

**Recommendation (Serial No. 29)**

*The Committee trust that vigorous steps will be taken to settle the outstanding difference between the participating Governments and to reorganise the Corporation, by suitably amending the Act where necessary. (Paragraph 31).*

### REPLY OF GOVERNMENT

The reorganisation of the Corporation on a functional basis is being actively pursued.

[*Ministry of Irrigation & Power O.M. No. 8(9)/63-DW. IV, dated the 20th November, 1965*].

### FURTHER REPLY OF GOVERNMENT

The position regarding proposed re-organisation of the D.V.C. has been given against para. No. 4.

[*Ministry of Irrigation and Power O.M. No. 8(6)/66-DW. IV, dated the 14th September, 1967*].

### COMMENTS OF THE COMMITTEE

*The Committee regret to note that Government have failed to furnish their final replies in respect of these recommendations. The Committee hope that the matter will be expedited.*

D. N. TIWARY,  
Chairman,

*Committee on Public Undertakings.*

NEW DELHI;  
April 23, 1968.

Vaisakha 3, 1890 (S).

## APPENDIX

(Vide Introduction)

*Analysis of the action taken by Government on the recommendations contained in the Fifteenth Report of the Public Accounts Committee (Third Lok Sabha).*

I. Total Number of recommendations made . . . . .	40
II. Recommendations that have been accepted by Government [Vide Sl. Nos. 1, 2, (ii), 3, 6 (ii), 8, 9, 10, 11, 14, 16, 17, 18, (i), (iii), (iv), (v) & (vi), 19, 20 (ii), 21, 23, 25 (Paras 3, 4, 5, 8, 10, 11, 12, 13, 16, 18, 19, 20, 21, 22, 25, 27)].	
Number . . . . .	21
Percentage to total . . . . .	52.5%
III. Recommendations which the committee do not desire to pursue in view of Government reply [Vide Sl. Nos. 4, 5, 6 (1), 12, 15, 18 (ii), 20 (i), 22, 24, 26, 27, 28 (Paras 6, 7, 8, 14, 17, 20, 23, 24, 26, 28, 29, 30)].	
Number . . . . .	12
Percentage to total . . . . .	30%
IV. Recommendations in respect of which replies of Govern- ment have not been accepted by the Committee [Vide Sl. Nos. 2 (i), 7 (i) & 7 (ii), 13 (i) & 13 (ii) (Paras 4, 9, 15)].	
Number . . . . .	5
Percentage to total . . . . .	12.5%
V. Recommendations in respect of which final replies of Gov- ernment are still awaited [Vide Sl. Nos. 24 & 29 (Paras 26, 31)]	
Number . . . . .	2
Percentage to total . . . . .	5%

Serial No.	Name of Agent	Agency No.	Serial No.	Name of Agent	Agency No.
27	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	33	Bookwell, 4, Sant Narainkari Colony, Kingsway Camp, Delhi-9.	96
28	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66		MANIPUR	
29	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68	34	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
30	People's Publishing House, Rani Jhansi Road, New Delhi	76		AGENTS IN FOREIGN COUNTRIES	
31	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88	35	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	
32	Hind Book House, 82, Janpath, New Delhi	95			

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