

**ESTIMATES COMMITTEE**  
**(1981-82)**

(SEVENTH LOK SABHA)

**TWENTY-FIFTH REPORT**

MINISTRY OF DEFENCE

**MILITARY ENGINEER SERVICES**

*Presented to Lok Sabha on-*



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*March, 1982/Chaitra, 1904 (Saka)*

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# CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
COMPOSITION OF SUB-COMMITTEE	(v)
INTRODUCTION	(vii)
CHAPTER I	
TENDERS	
(A) Issue of Tenders . . . . .	1
(B) Dispensing with competitive tenders . . . . .	3
(C) Delay in acceptance of tenders . . . . .	4
(D) Time for giving quotations . . . . .	7
(E) Negotiations with contractors . . . . .	
CHAPTER II	
CONTRACTS	
(A) Contract Form . . . . .	9
(B) Schedule of rates . . . . .	13
(C) Payment of Bills of contractors . . . . .	15
(D) Arbitration cases . . . . .	23
CHAPTER III	
EXECUTION OF WORKS	
(A) Works procedure . . . . .	32
(B) Delay in completion of works . . . . .	40
(C) Supply of material . . . . .	46
(D) Misuse of materials . . . . .	51
(E) Association of Border Rd. Orgn. with MES. . . . .	52
(F) Economy-cum-efficiency measures . . . . .	53
(G) Maintenance of works . . . . .	60
CHAPTER IV	
INSPECTION AND VIGILANCE	
(A) Inspection of Technical Examination of works . . . . .	67
(B) Technical examination & Arbitration . . . . .	69
(C) Vigilance . . . . .	76

## CHAPTER V

FINANCIAL MATTERS	PAGE
(A) Plant & Machinery . . . . .	86
(B) Losses . . . . .	88

## CHAPTER VI

ORGANISATION	PAGE
(A) Organisation set-up . . . . .	96
(B) Civilian <i>vis-a-vis</i> Army Officers . . . . .	106
(C) Personnel Management . . . . .	117
(D) Accommodation for civilians . . . . .	117
APPENDIX : Summary of Recommendations/Observations	128

## ESTIMATES COMMITTEE

(1981-82)

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### MEMBERS

2. Shri Kumbha Ram Arya
3. Shri Chitta Basu
4. Shri Manoranjan Bhakta
5. Shri Ajitsinh Dabhi
6. Shri Sontosh Mohan Dev
7. Shri Digamber Singh
8. Shri Jitendra Prasad
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11. Shri Vilas Muttemwar
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14. Shri Balasaheb Vikhe Patil
- \*15. Shri Janardhana Poojary
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19. Shri M. S. K. Sathiyendran
20. Shri Daya Ram Shakya
21. Shri Nawal Kishore Sharma
22. Dr. Shankar Dayal Sharma
23. Shri Virbhadra Singh

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\*Shri Janardhana Poojary ceased to be member of the Estimates Committee w.e.f. 16-1-1982 consequent on his appointment as Deputy Minister in the Ministry of Finance..



(iv)

24. Shri R. S. Sparrow
25. Dr. Subramaniam Swamy
26. Shri Tariq Anwar
27. Shri R. L. P. Verma
28. Shri D. P. Yadav
29. Dr. Golam Yazdani
30. Shri Zainul Basher

**SECRETARIAT**

1. Shri H. G. Paranjpe—*Joint Secretary.*
2. Shri K. S. Bhalla—*Chief Financial Committee Officer.*
3. Shri H. C. Bahl—*Senior Financial Committee Officer.*

COMPOSITION OF SUB-COMMITTEE ON DEFENCE (1981-82)

1. Shri S. B. P. Pattabhi Rama Rao—*Chairman*.
2. Shri R. S. Sparrow—*Convener*.
3. Shri Sontosh Mohan Dev.
4. Shri Digamber Singh.
5. Shri P. Namgyal.
- \*6. Shri Janardhana Poojary.
7. Dr. Shankar Dayal Sharma.
8. Shri Zainul Basher.
9. Shri Balasaheb Vikhe Patil—*Special Invitee*.

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\*Shri Janardhana Poojary ceased to be member of the Estimated Committee w.e.f. 16-1-1982 consequent on his appointment as Deputy Minister in the Ministry of Finance.

## INTRODUCTION

1. The Chairman of Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this 25th Report on Ministry of Defence Military Engineer Services.

2. The Sub-Committee on Defence took evidence of the representatives of the Ministry of Defence on 14th, 15th and 17th December, 1981. The Committee wish to express their thanks to the officers of the Ministry of Defence for placing before them the material and information which they desired in connection with examination of the subject and for giving evidence before the Sub-Committee.

3. The Committee also wish to thank Maj-Gen. (Retd.) Harkirat Singh, and Lt. Gens. (Retd.) J. S. Bawa, B. N. Das, R. A. Loomba; former Engineers-in-Chief, Shri V. B. Tawadey, a former Chief Engineer, MES, representatives of MES Civilian officers Association and MES Builders Association, New Delhi for furnishing memoranda and for giving evidence before the Sub-Committee and making valuable suggestions.

4. The Committee also wish to express their thanks to all other organisations, individuals etc. who furnished memoranda on the subject to the Committee.

5. The report was considered and approved by the Sub-Committee on 24th March, 1982 and finally adopted by the Committee later on the same day.

6. For facility of reference, the recommendations/observations of the Committee have been printed in thick type in the body of the Report. A summary of recommendations|observations is appended to the Report (Appendix).

S. B. P. PATTABHI RAMA RAO  
*Chairman,*  
*Estimates Committee*

NEW DELHI.

March 31, 1982

Chaitra 10, 1904 (Saka).

## CHAPTER I

### TENDERS

#### (A) *Issue of Tenders*

1.1 All works required to be carried out by Contractors exceeding Rs. 2.5 lakhs are advertised in the Press and Indian Trade Journal. In addition Notice of Tender for individual work is also issued to various local authorities like Municipality, General Post Offices, State PWD etc. for display on their Notice Boards. The applications when received from the interested Contractors are scrutinised and tender documents are issued to those found suitable.

1.2 It has been represented to the Committee by Builders Organisations that tenders are issued in MES to selected contractors. Issuing authorities have discretion to reject applications for issue of tender documents without assigning any reason. It has been suggested that tenders should be issued to all the eligible applicants enlisted for appropriate class of work if no embargo has been placed on them for issue of tenders. If need be, tender could be priced.

1.3 According to the Ministry of Defence tenders are issued to those who are considered by the Accepting Officer to be capable of doing the job and against whom no ban exists. Reasons for non-issue of tenders are recorded by the Accepting Officer where applicable. Sometimes, the Accepting Officer of his own adds a few more names for issue of tender documents even in the absence of applications to induce better competition. The Ministry further stated that the system of pre-selection of contractors is far better than post selection. In any case, one would not like to be landed up with an undesirable and incapable contractor, which would not only mean sub-standard works and disputes but also delay in urgent defence works. If therefore, screening is not done at the pre-tender stage, it will have to be done at the post receipt and pre-acceptance stage. This will again be a time consuming and delaying factor. If selection is to be done after receipt of tenders and the lowest tender is not accepted, there is bound to be scope for malpractices as well as complaints and criticism. In the Ministry's opinion, the system of pre-selection has been working quite satisfactorily in MES since its inception. The pre-selection of

contractors is done by senior and responsible officers only and this is not a power which would normally be misused.

1.4 Secretary, Ministry of Defence, informed the Committee during evidence that the tender forms were issued to all contractors who applied provided they were unenlisted for appropriate class of work and in case of enlisted contractors if they produced satisfactory evidence of capacity—both financial and technical. Tenders were not issued to those contractors who were considered overloaded, or whose progress on existing works was unsatisfactory. Further the reasons for rejecting enlisted contractors were recorded.

1.5 Asked if the contractors were informed of the reasons for rejection of their applications for tenders, the witness stated that applicants were not informed of the reasons for rejection. But if any applicant made a representation, he was given an opportunity to be heard.

1.6 During their study tour to Southern Zone, the Committee were informed that out of 503 and 510 tenders issued in 1979-80 and 1980-81 by CE, CWES, and GMs of the Southern Zone, the number of cases where tenders were not issued against contractors' requests were 111 and 112 respectively.

1.7 Asked if the officer refusing tender to a contractor informed the next higher officer about his decision to refuse tender and the reasons therefor, Defence Secretary stated that the Officer refusing tender documents was not required to intimate his decision to his next higher authority. The witness agreed that the question of introducing such a practice could be considered.

1.8 It was pointed out that in certain remote and forward areas, contracts were awarded to the members of the same family who pooled together while tendering. Asked to state the measures taken to ensure that the contracts were not concerned by the same set of contractors' the E-in-C stated that contractors were expected to declare their interest in other firms. If they concealed the fact, action could be taken against them. When contractors declared interest in other firms, the Department ensured that firms having business relations did not tender for the same job.

1.9 In a note furnished to the Committee, the Ministry subsequently stated that specific conditions exist in each contract as sub-para (2) of para 3 of Notice of Tender IAFW-2162 (Revised 1960) which reads as under:

“Under no circumstances will a father and his son(s) or other also relations, who have business dealings with one an-

other, he allowed to tender for the same contract as separate competitors. A breach of this condition will render the tenders of both parties liable to rejection."

1.10 In the Committee's opinion, the power given to an Accepting Officer to refuse or to issue tender documents to an eligible applicant, without telling him the reasons for refusal, has seeds of arbitrariness and is liable to be misused. The opportunity given to the party concerned to be heard in such a case has no meaning unless he knows the reasons for which tender documents have been refused. The Committee would like that the Ministry should review this procedure and, consistent with the need to have defence works executed without unnecessary delay or dispute, make it fair and just so as to avoid any likelihood of misuse of powers by Accepting Officers. .... (S. No. 1)

1.11 Pending review of the procedure, the Accepting Officers should be directed to intimate all such cases of refusal to issue tender documents together with reasons therefor to their next higher officers who should satisfy themselves that the power has been exercised fairly and justly with due regard to rules of natural justice. .... (S. No. 2)

1.12 The Committee would like the Ministry to study the 111 and 112 cases of refusal of tender documents in 1979-80 and 1980-81 respectively in southern zone and apprise them of the outcome of the study. The Committee would also like similar information to be furnished to the Committee in respect of other zones. .. (S. No. 3)

1.13 According to one of the conditions of tendering, "under no circumstances will a father and sons or other close relations who have business dealings with one another be allowed to tender for the same contract as separate competitors". The Committee desire that in order to guard against the members of the same family concerning MES contracts by manipulation, the Ministry should ensure that the aforesaid condition of tendering, which is a wholesome provision is not circumvented by contractors and those found contravening this condition are dealt with suitably under the rules. (S. No. 4)

(B) *Dispensing with competitive tenders*

1.14 It has been stated by the Ministry that sometimes when the situation demands competent engineer authorities may dispense with competitive tenders and instead conclude single tender contract

with a selected contractor. Powers for this purpose have been laid down in MES Regulations as under:—

E-in-C (with concurrence of associated finance)—Unlimited

CEs	Up to Rs. 10 lakhs
CWEs	Up to Rs. 2.5 lakhs
GES	Up to Rs. 10,000

1.15 The Committee asked whether any guidelines had been laid down regarding the circumstances in which competitive tenders might be dispensed with. The Defence Secretary stated in evidence that it was provided that before concluding any single tender contract, associate Finance had to be consulted. The validity of such cases was also to be checked by the higher engineering authorities to whom a report had to be submitted and copy of this report was also sent to the Audit. The witness added that no guidelines had been laid down, because it was felt that it was very difficult to anticipate all kinds of situations where resorting to acceptance of a single tender might become necessary. The Engineer-in-Chief stated that in the last 3 years out of 1116 contracts concluded approximately costing Rs. 300 crores, 17 contracts were single tender ones costing Rs. one crore. Out of these 17 cases, two cases costing 65 lakhs involved Government sanction, one case costing Rs. 21 lakhs involved E-in-C's sanction and the remaining 14 cases cost Rs. 14 lakhs.

1.16 The Committee appreciated that situation can sometime arise when engineering authorities may have to dispense with competitive tenders and resort to concluding a single tender contract with a selected contractor. There are adequate safeguards against misuse of this power and the number of such contracts has also been very small only 17 (costing Rs. 1 crore) out of a total number of 1116 contracts (Rs. 300 crores app.) entered into by MES during the last 3 years.

1.17 The Committee feel that, even then, it will help authorities at various levels to exercise better control over such contracts if broad guidelines for the exercise of the power of single tender contracts are laid down for the benefit of Accepting Officers. (S. No. 5)

(C) *Delay in acceptance of tenders*

1.18 It has been represented to the Committee that very often acceptance of tenders is delayed for several months. Earlier, tenders used to remain open for 30 days but lately the tenders specified the offer to remain valid for 60 days. The tenderers are asked to

keep their offer open for 2-3 months more if the case is to be sent for financial concurrence of a higher authority. The builders feel that in the present day unstable market trends when prices escalate beyond comprehension, contractors cannot afford to keep their offers open for so long. But if a contractor does not agree to extend the validity of his offer, he incurs the displeasure of the Department who in many cases suspend the issue of tenders to him. Further the Department takes decisions adversely against him during the operation of other contracts, where in several situations their decision is 'final and binding'.

1.19 The Committee desired to know the circumstances in which contractors were asked to keep tenders open for periods longer than specified in the terms of tenders.

1.20 In a written reply, the Ministry of Defence informed the Committee that normally a provision is made for keeping an offer open for 30 days after the date of opening. In certain cases, however, the period so laid down is more depending on circumstances. For example, where a tender is based on contractor's own design or where work is of specialist nature like air-conditioning where different contractors offer different types of plans, there is requirement of longer period for the technical|contractual scrutiny, sometimes involving references to the various tenders before decision on acceptance or otherwise of any such tender can be taken. Of late there has been a number of cases where even for ordinary nature of work contractors had to be asked to keep their tenders open or extend the validity period to cover the time required for obtaining financial concurrence, the administrative approval, amount being insufficient due mainly to price escalation. Although a contractor is within his rights to refuse to extend the validity period, it is expected that he would not do so except under extraordinary circumstances. Refusing to extend validity period would normally lead to re-invitation of tender or acceptance of higher tender as also delay in commencement of work. If there are any extraordinary circumstances to decline to extend the validity period, a contractor should be able to convince the concerned officer to avoid misunderstanding.

The Ministry added that no record of the cases in which contractors are asked to extend the validity period, of tender is maintained at any level. The number of such cases "is fairly large and in most cases, the concerned contractor agreed to extend the validity period".



1.21 Subsequently the Ministry furnished the following statistics for the last 3 years:—

- (i) Nos. of cases in which contractors were asked to extend validity period—856.
- (ii) Nos. of cases in which contractors agreed—834.
- (iii) Reasons:—
  - (a) For obtaining financial concurrences.
  - (b) For sorting out conditions stipulated by tenderers for specialist works.
  - (c) For reducing freakish high rates.
  - (d) To check and obtaining clarifications on tender, based on tenderers' design.
  - (e) Obtaining users concurrence for the alternative specifications offered by specialist tenderers.
  - (f) Obtaining concurrence from audit authorities.

1.22 During evidence, the Defence Secretary stated that the Ministry was not in favour of asking the contractor to keep tenders open for long periods. There was no escalation clause available at present to offset the price rise and this, the Ministry agreed, created a major problem. The Ministry had issued instructions to this effect that the validity period initially laid down in the tender should not exceed 60 days and that no penal action be taken if a contractor did not agree to extend this period. This would ameliorate the problem to some extent. When the Ministry of Works and Housing is also to finalise its recommendations relating to the escalation clause, much of the problem will disappear. Asked if the Ministry did not agree that there was no justification for harassing the contractor for not keeping the tender open for a period longer than that provided in the rules, the witness stated "I agree, there is no justification for punishing any contractor, if he is unable to keep any particular tender open indefinitely. There has to be a limit to this."

1.23 From the Ministry's own account it is clear that, despite instructions to the contrary, in a "fairly large number" of cases, contractors have been asked to keep their tenders open beyond the period specified in the rules *inter alia*, to enable Accepting Officer to obtain fresh approval of higher authorities necessitated by price escalations. Contractors, it has been represented, agree to extend validity period of their tenders out of fear of reappraisals, and the Ministry is not aware of the magnitude of this problem for want of any record of such cases at its level.

1.24 There is absolutely no justification, as the Defence Secretary also agree, to punish any contractor on this account and such a vindictive tendency among Accepting Officers cannot but be deplored. In order to check delays in accepting tenders and avoid harassment to contractors, the Committee would like the Ministry to evolve a system of monitoring the time taken by Accepting Officers at tender-acceptance stage with a view to ensuring that decisions on tenders are taken without delay and, where extension of validity, period is unavoidable, contractors, consent is not taken under duress.

(S. No. 6)

*(D) Time for giving Quotations*

1.25 It has been brought to the notice of the Committee by the Builders Association, that various changes are made in the plans, designs, and specifications through amendments after issue of tenders. The association has urged that a clear period of one month should be given for submission of tenders after issue of the last amendment and that in case of large number of amendments, the tenders should be revised and re-issued.

1.26 The Committee were informed during evidence by Defence Secretary that there were no time limits laid down for this, but there were instructions to the effect that where amendments to tenders documents were unavoidable, the period allowed for their submission should be increased, so that all tenderers have sufficient time to study them and formulate their quotations. They had also issued instructions to the effect that where there were a large number of amendments changing the basic structure of a tender, a self-contained revised tender should be issued.

1.27 The Committee feel that every amendment to a tender already issued may not warrant extension of time for submission of quotations by one month as demanded by contractors. The instructions issued by the Ministry in this regard, should be able to take care of the contractors' difficulties. What is required to be watched is whether these instructions are observed by Accepting Officers in letter and spirit.

(S. No. 7)

*(E) Negotiations with Contractors*

1.28 It has been stated in a memorandum to Estimates Committee that there is a tendency on the part of some officers to negotiate quotations with the tenderers after the submission of tenders. This

is against the sanctity of tenders. It has been suggested that normally there should be no negotiations with the tenderers. But if sometimes, in public interest, negotiations have to be held, these should be held only at very high levels. Asked about the instructions of the Department with regard to negotiations with the tenderers, Defence Secretary stated that as per existing instructions, no negotiations were possible, even if contractor was the lowest tenderer. Only some clarifications could be sought, if something was not clear from the tender documents already submitted. No instructions had been issued about any negotiations before acceptance of tender. It was proposed by the Defence Secretary that if negotiation with any tenderer was desired this should not be allowed without prior permission of Command Chief Engineers.

1.29 When it was pointed out that cases had been reported to have happened in certain remote areas. Where local executive officers were allegedly awarding contracts to selected contractors after negotiations, Defence Secretary stated "We will look into this. We are ourselves anxious to remove this sort of things. We will have to issue instructions that this will not be done without the approval of the Command Chief Engineer."

1.30 It is highly, improper that, despite clear instructions of the Ministry to the contrary, local officers in certain areas should be awarding contracts after holding unauthorised negotiations with the tenderers. The Committee would like the Ministry to tighten control over MES establishments in all parts of the country with a view to eliminating such a malpractice. (S. No. 8)

## CHAPTER II

### CONTRACTS

#### (A) *Contract Form*

2.1 It was stated in a memorandum submitted by a Builders Association to the Estimates Committee that the general conditions of contract included in MES contract form were drawn up in the pre-independence days when the magnitude of construction work was small and the approach to contractor's problems was different. Contract forms in use in Government departments throw on contractors an undue share of risk of unforeseen conditions. Terms of payment and settlement of disputes are inequitable. Capital gets unduly locked up in the form of earnest money and security deposit/retention money."

2.2 It was also represented to the Committee in other memoranda that Government contracts tended to be one-sided. This matter needed review. It was suggested that the contract form suggested by the Working Group of the Planning Commission in 1967 may be adopted, with certain modification to suit departmental requirements. It was also suggested that there was an urgent need to include an "escalation clause", as had been done by LIC, Reserve Bank of India.

2.3 A former Engineer-in-Chief was of the view that the present contract form gave unfettered powers to officers at various levels to take decisions in many respects. This was not quite correct. The Deptt. must be required to listen to the points of view of the contractors and decisions should be fair and taken at higher levels. Secondly, there was no provision for escalation clause. He suggested that the formula evolved by the Reserve Bank of India to cover escalation could be a starting point. In case the prices came down, there should also be a de-escalation clause.

2.4 Another Engineer-in-Chief stated that a good contract agreement was needed which would not lead to excessive arguments and should ensure good working system and prompt payments. The spirit of the contract should be between co-equals. The present contract form throws the entire burden of unforeseen circumstances on

the contractor. Secondly the stages for the detailed approval of physical work are not defined; right of appeal is very limited; Thirdly, the payments get delayed. The cost of capital in 1930s might have been 3½ per cent; today the bank rate is 18 per cent.

2.5 In a written reply, the Ministry of Defence informed the Committee that, "while the number of the form is of pre-independence origin, the contents have undergone many changes by way of revision and modifications to make it equitable as far as possible. No doubt the magnitude of the construction was then small in terms of money, there has also been erosion in the money value. As far as the approach to problem is concerned, the contractors are now-a-days more legal minded and profit oriented which makes the situation worse. Nevertheless, a number of changes have been made already to relieve contractor's from the burden of unforeseen risks and to reduce the quantum of their locked up capital e.g. acceptance of Bank Guarantee in lieu of security/retention money, limiting the maximum amount of compensation, conferring certain rights to contractors consequent to suspension, reimbursement of price escalation on account of wages, release of payment of final bill even in disputed cases, earlier release of moiety of security deposit and so on. Nevertheless, the process is continuous and it is admitted that sometimes the actions lag behind because of shortage of staff."

The Ministry further stated that if the present form was judged with open mind in the context of the prevailing standards of ethics particularly in the building industry, the conditions should not appear to be one sided. The Government has got full powers to compensate a contractor in genuine cases of hardship.

#### *Escalation Clause.*

2.6 With regard to the inclusion of an escalation clause, the Ministry has stated that it is agreed that there should be a price escalation clause and a case is already under consideration of the Government.

2.7 The present escalation clause provides for reimbursement on account of increase in the cost of materials directly incorporated in the work consequent to their price having been directly increased on account of Acts of Legislature (other than Sales tax), Statutory Orders/Rules. Similar reimbursement on account of Act of Legislature is allowed in respect of wages of labour. Such reimbursement/adjustment is permissible only for the amount in excess of 10 per cent of the corresponding amount in the Contract. Moreover the

increase/decrease is reckoned from the date of acceptance to the tender.

2.8 Revised escalation clause to take care of the fluctuations in the market rates both in respect of labour and materials is stated to be under consideration of the Government. There being no authentic price indices for building industry (hereagain it would vary from work to work) the proposal is to link the formulae to the wholesale price index for materials and to consumer price index for industrial worker so far as labour wages are concerned.

2.9 The Ministry has stated that LIC and Reserve Bank of India have already introduced escalation clauses in their contract forms. Certain other organisations like Railways and State PWDs have also introduced formulae for the similar purpose.

2.10 Explaining the position regarding the action taken on the recommendations of the working Group of Planning Commission (1967) regarding revision of contract form, the Defence Secretary stated during evidence that there were 15 points on which MES form differed from that suggested by the Working Group, as these did not suit the system prevailing in MES. Their recommendations on all other points had been accepted.

2.11 From the information furnished by the Ministry it was seen that the fifteen points on which, the MES form differs from that suggested by the Planning Commission Working Group (1967) related to some very vital aspects of building contracts and are of vital importance to contractors. These are:—

1. Accepted Risks.
2. Security Deposit/Retention Money.
3. Refund of Security Deposit/Retention Money.
4. Deviations/Variations-Extent & Pricing.
5. Suspension of Works.
6. Time and extension of delay.
7. Completion Certificates.
8. Compensation for delay.
9. Defect Liability Period.
10. Payment on account and time limit of payment of final bill.
11. Reimbursement/Refund on variation on price.
12. Loans.

13. Bonus.
14. Arbitration.
15. Final and Binding Powers.

Defence Secretary added that the main question related to the escalation clause and the Ministry of Works and Housing had appointed a Committee to go into the matter. The recommendations of the Committee were awaited. The recommendations of this Committee would be applicable to MES and CPWD.

2.12 Despite certain changes said to have been made by the Department in the contract form to provide relief to contractors, the builders associations have contended that the MES terms of contract are one-sided and inequitable to contractors. Justifying the present contract form, the Ministry has stated that "in the context of the prevailing standards of ethics particularly in the building industry, the conditions should not appear to be one-sided." A Working Group of Planning Commission (1967) under the Chairmanship of a former E-in-C had, after a thorough study, suggested a revised contract form with more fair terms. The Ministry has not accepted as many as 15 provisions of the revised form as suggested by the Working Group which relate to some vital aspects of building contracts and are of vital importance to contractors. In view of the thinking of the Working Group of Planning Commission on the subject which has not been fully respected by the Ministry but which has been largely endorsed by some of the former Engineers-in-Chief, it will be unfair to dismiss the contention of builders' associations that the present contract form is not all that fair as the Ministry thinks it is. The Committee, therefore, recommends that the Ministry should critically review its own decisions on the contract form as suggested by the Working Group of Planning Commission and make the present contract more fair to contractors consistent with the need to take safeguards against malpractices. In this review if an expert from outside the Ministry is also associated, it would enable the Ministry to have a more objective view of the matter.

2.13 The need for having an escalation clause in MES contract to cover not only increase in the cost of materials and wages as a consequence of statutory changes, which are at present covered, but also other increases in costs of inputs has been universally voiced and also recognised by MES authorities. Reserve Bank of India, State PWDs and Railways have already taken a lead in this direction. The Ministry of Defence is awaiting the recommendations of a Departmental Committee set up by Ministry of Works and Housing in this

regard. The Committee would urge the Ministry not to lag behind and take an early decision in the matter. (S. No. 9)

(B) *Schedule of Rates*

2.14. The Ministry has informed the Committee that MES schedule of Rates was revised by the Department at intervals of 5 years approximately. MES Schedule of Rates was revised twice in the last 10 years once in 1970 and again in 1975. Another revision was stated to be in hand. According to the Ministry, this time it is taking longer period because of large scale revisions in the standards and also re-costing of the Schedule with radical changes.

2.15 Delay in revision of MES Schedule of Rates has been brought out in a number of memoranda submitted to the Committee.

2.16. It has been stated in a Memoranda that by the time the revised SSR become effective, the market goes up due to unstability of market. It has been suggested that:

- (i) Standard Schedule of Rates (SSR) may be revised/reviewed yearly.
- (ii) Rates inserted in SSR should be realistic and based on practical aspects of the job.
- (iii) If the revision is not possible so early or yearly then the percentage of market fluctuation may be enforced as and when necessary (which may be based on the data collected from competent authorities).

2.17. The Ministry admitted that the present interval of five years for revision was far too long. It was stated that a proposal was under consideration for setting up a separate team at Commands as well as Headquarters level for continuous revision of not only rate but also of specifications and side by side keep up-dating and modifying the various contract forms.

2.18 As regards the steps taken to make the SSR realistic, the Ministry has stated that the market rates of materials and wages of labour prevailing in different selected stations are obtained by reference to the concerned Chief Engineers and rates of SSR are framed accordingly. There are six sets of rates for six different geographical zones. In each zone conditions as well as rates vary from place to place. Therefore, the rates in the SSR would only give an idea of the average rates in that zone and not the exact representative rates for each and every station in the respective geographical zone.



2.19. It was represented to the Committee that MES Schedule of Rates was not half as comprehensive as the CPWD Schedule. MES Schedule 1980 was still in the making Whereas the CPWD had already brought out 1977 and 1980 revised version of that Schedule.

2.20. During evidence, the Defence Secretary stated that the MES standard schedule of rates for 1970 was made operative with effect from 1st November, 1972. The schedule for 1975 was operative from 15th November 1975. He added that "the 1980 schedule is expected to be operative from June 1982. We have done the preliminary work, but want to put it on the computer, so that the subsequent revision is made easy. This transition to computer will take time."

He further informed the Committee that "CPWD have a single price schedule for Delhi but MES has six schedules covering the entire country."

#### *NBO Schedule.*

2.21. It has been suggested to the Committee that MES should adopt the All India Standards Schedule of Rates (1977) brought out by the National Building Organisation. The Ministry has stated that NBO has not updated their Schedule. Moreover, it is not a priced schedule and their Schedule does not contain all the items of work as per the practices in vogue in different parts of the country. According to the Ministry the question of adopting NBO Schedule of Rates by MES does not arise because MES Schedule is far more comprehensive and is updated from time to time.

2.22 A former E-in-C stated before the Committee that NBO had prepared a very comprehensive schedule with the help of MES. This Schedule of Rates needs to be priced and adopted by all Departments and it will also prevent builders from playing the rates of one Department against the other. The witness added that if NBO schedule did not cover all the 6 zones of MES, it could be adopted for some of the zones. The idea of adoption of All India Schedule of Rates of NBO by MES has also been supported by some other top officers of MES since retired.

2.23. During evidence the Defence Secretary informed the Committee that NBO Schedule was kept in view in formulating the MES schedule. The Committee asked whether in view of the fact that the schedules used by the CPWD and MES and other organisations were prepared separately and differed from one another, an exercise at a national level could not be undertaken to consolidate them all to

serve the purpose of all of them. The Defence Secretary stated that "the NBO can do it. It can undertake this work and some indices can be fixed. The kind of work done by different agencies also differ. What the Railways require may differ from what the Roads required or any other department require." The witness agreed that "it certainly is a concept which was worthwhile pursuing."

2.24 The Ministry of Defence agrees that the present interval of 5 years for revision of schedule of rates is far too long. What is regrettable is that even after an interval of 5 years the schedule is not out on time. 1980 schedule, for instance, would be out only in June 1982. The Committee would like the Ministry to decide the optimum frequency for revision and publication of Schedule of Rates after taking into consideration all relevant factors. The work should then be so organised on all fronts that the revised schedules are published on time and become operative on schedule. Delay in its publication should be viewed seriously.

2.25 National Building Organisation brought out an All India Standard Schedule of Rates in 1977 which was not priced. The Ministry does not favour the suggestion to adopt the National Building Organisation schedule for MES on the ground that the MES schedule is far more comprehensive. However, the National Building Organisation schedule of rates is stated to be kept in view in formulating the MES schedule. The concept of a uniform all India schedule has been supported by former top officers of MES. Seeing that various Govt. organisations like CPWD, MES, Railways etc. are working separately to bring out separate schedules of rates, which differ from one another, the committee wondered whether joint exercise at national level to draw up a comprehensive schedule to meet the needs of all these organisations could not be made. The Defence Secretary agreed during evidence that this was a concept which was worth pursuing and that this work could be undertaken by National Building Organisation. The Committee desire that this question should be considered seriously by the Government and the Committee informed about the outcome. They would like the Ministry of Defence to take an initiative in this regard. (S. No. 10)

### (C) *Payment of Bills of Contactors*

2.26 It has been stated in a number of memoranda that, while the payment of running account bills in MES is fast and speedy, there are delays in payment of final bills.

2.27 The Committee have been informed by the Ministry that in normal course the aim of the department is to pay small bills upto Rs. 5 lakhs within 4 months and others within 6 months. There are however a number of cases where the time schedule is not adhered to; sometimes due to non-cooperation of the Contractors (i.e. in furnishing the paid vouchers) and sometimes due to the complicated nature of work. With a view to keeping a watch for speedy payment of final bill a flow chart normally called billing return is submitted quarterly by the GE/Indep AGE to the higher formations. These are scrutinised with a view to remove bottlenecks. GE & CWB also hold billing conference to overcome delay in processing the final bills.

2.28 Builders' organisations informed the sub-Committee that there was no non-cooperation on the part of the contractors in furnishing vouchers etc. In fact, the contractors promptly produced the relevant papers as they were keen to get payments.

2.29 The Committee desired to be furnished with a statement indicating the number of final bills and amounts involved which were not paid within a period of six months during the last five years and the reasons for delay in making payment.

2.30 The Ministry furnished the following information for last three years:

- (i) Numbers of final bills-1322 not paid within six months.
- (ii) Amount of the above-Rs. 375.60 lakhs mentioned bills.

The Ministry of Defence has given the following reasons for the delays in payment of bills:

- (a) Delay in submission of vouchers by contractors.
- (b) Delay in preparation, distribution and attestation of deviation orders/amendments.
- (c) Delay in scrutiny of stores statement and return of excess stores drawn by contractor and resolving differences of views on that account.
- (d) Settlement of observation Technical and audit.
- (e) Disputes and claims of contractors.

### *Deviation orders.*

2.31 It was stated in a memorandum that one of the reasons for delays is non-finalisation of Deviation orders (D.Os) and star rates. It was suggested that the finalisation of D. Os. and star rates should be done before the work is completed.

2.32 The Committee asked why deviation order and star rates were not finalised before the completion of the work. The Defence Secretary stated during evidence that if deviation had been approved in principle, an option was given to the contractor as to the change to be effected and the manner of its pricing. The detailed deviation orders including the rates where applicable were required to be finalised within a period of six weeks. However in a few complicated cases, where detailed calculations including verification of vouchers, etc. were involved longer time was taken. Even such deviation orders were finalised as expeditiously as possible.

2.33 It has been stated in a memorandum that there was a system in CDA's office that they did not accept the final bills, even for scrutiny, unless attested copies of all Deviation Orders were attached with the final bills. These attested copies are to be supplied by the CDA office only and can be attached in his office. There is no logic in this procedure. The procedure in this respect it was suggested needed to be streamlined on the side of CDA.

2.34 During evidence the Defence Secretary stated that "Deviation orders are required to be prepared as and when works progress and changes are required to be made". The deviation order in duplicate is received by the Unit Accountant, who under the rules is to exercise certain checks and send both copies to the CDA for acceptance. The CDA has to exercise certain checks for deviation orders before accepting them and sending a copy to the Unit Accountant for his Record. The procedure of sending an Attested copy of the deviation orders by the CDA after the same has been audited to the Unit Accountant, does not hold up the payment of Running Account Bills. Even for the final bills, neither the original copy nor the attested copy of the deviation order is required to be attached. These are to be held by the CDA and unit Accountant respectively with their copies of the contracts. Certified copies of the deviation orders in respect of every contract have to be attached to the final Bill. It is a complete document and it is to be available for the Technical Examiner's Scrutiny as well.

The witness added that "if the deviation orders are finalised as and when works progress there will be no delay in payment of bills due to the above procedure. That has a disadvantage as this is indeed a parallel action."

### *Progressive billing*

2.35 It was suggested in a memorandum that the position regarding payment of bills could be improved if the billing was taken not after the completion of works, but a progressive billing system was introduced. Some Chief Engineers, it is stated, have adopted this system and prepared the bills and sent them to CDA for payment within a month of completion of works. During evidence Defence Secretary stated that "a contractor is entitled to get running payments varying from 90 to 95 per cent approximately depending upon the total amount of work. The retention money is in no case to exceed Rs. 1.5 lakhs. This amount could be paid at RAR stage to a contractor furnishing the bank guarantee. The residual amount of a final bill never exceeds Rs. 1.5 lakhs. Working documents which constitute the final Bill are prepared concurrently with the progress of works as far as is practicable progressively. Progressive billing will entail continuing technical and audit check. This may be difficult to achieve with the present staff strength."

### *Pre-audit*

2.36 All bills for works beyond Rs. 1 lakh are sent to Controller of Defence Accounts for pre-audit. It was suggested in a memorandum that this system should be dispensed with and the Bills should be postaudited as is being done in almost all the Government Departments. In written reply the Ministry of Defence stated:

"So far as the payment of Bills (beyond one lakh) without pre-audit by CDA is concerned it should make no difference to the Contractor if he has submitted Bank Guarantee for the value of the amount to be paid through the Bill, in which case only the Bank Guarantee will remain to be released till the Final Bill is audited. Hence it is a question of Bank Commission only. However, 50 per cent of the net amount of the Final Bill after US's (Unit Accountant) check may be made releaseable to Contractors. Incidentally the net amount of the Final Bill in view of the present provision of the RAR payment can not be more than 1.5 lakhs in any case."

2.37 Asked about the measures taken to expedite pre-audit of bills, the Ministry stated that "The CDAs office asked clarifications or requires amendments etc. to the contract to be made and their previous observations on contracts/deviations to be resolved before authorising payment. Time taken for this process varies from Bill to Bill and from period to period. While the MES staff settles UAs' points by personal contacts, the observations of the CDA are settled through correspondence. Instructions have been issued to attend to such observations promptly and to reply to the observations completely. But settlement of such observations in many cases takes time which varies as already stated earlier."

2.38 A number of suggestions were made by former Engineer-in-Chiefs to avoid delays in payment of contractor's bills.

A former Engineer-in-Chief stated before the Committee that the present powers of Unit Accountant to clear bills which are upto Rs. 1 lakh at present should be enhanced to Rs. 5 lakhs in view of the fact that value of the money had gone down.

Another former Engineer-in-Chief stated that since the cost of borrowing money had become very high delay in making payment was likely to lead to high tender rates to enable the contractors to cover interest charges on borrowings. The final bill should be paid in full after keeping only a nominal amount to be paid after CDA had checked the bills. Three Engineer-in-Chiefs suggested that pre-audit of bills by CDA should go. The bills should be postaudited within a stipulated period after payment.

2.39 Defence Secretary stated during evidence that for financial reasons, pre-audit of bills could not be dispensed with. A double check of final bills was envisaged at Unit Accountant's level and CDA's level with reference to the contract rate and the deviation order. The witness added that since final bills were considered an important and irreversible step in the progress of the contracts as over-payment might not be recoverable, this double check was considered essential and might not be dispensed with. The witness added that the original limit of Rs. 20,000 gross value prescribed in the MES regulation beyond which the final bills had to be sent to the CDA for pre-audit was changed to Rs. 1 lakh as an experimental measure in 1974. This had since been made permanent—in 1977.

The witness added that they would examine whether this limit of Rs. 1 lakh could be further increased as a measure of decentralisation.

### *Decentralisation*

2.40 It was suggested in a memorandum that an accounts officer/Dy CDA should be placed at the level of CWE and he should be made a part of the CWEs establishment. After a bill has been checked by the Engineer Incharge, GE and the CWE, it should be locally audited by the Accounts Officer and cleared in full keeping only a nominal sum of 2 to 3% to be paid at the final bill stage. CDAs can check a percentage of bills.

2.41 During evidence the Defence Secretary stated that at present a Unit Accountant was attached to the GE's office and works costing less than Rs. 1 lakh were finalised by the Unit Accountant and the bills were forwarded to the CDA for post-audit. The volume of work at the GE level would not justify the post of an Accounts Officer or Dy. CDA in each CEW's office as a matter of course. Moreover, certain expertise was needed in exercising checks. However, decentralisation had already been implemented to some extent by authorising the Area Accounts Officers at the Dy. CDA level to exercise different checks and pre-audit in Shillong and Siliguri in the eastern sector and in Madras, Bangalore and Secunderabad in the Southern Command. They dealt with three to six CWEs and sometimes more than one CE. The quantum of work relating to works accounts would not justify establishment of Area Accounts Officers. They also dealt with pay, allowances and stores. The witness added that "the scheme of decentralisation can be extended as may be considered necessary."

#### *Interest.*

2.42 It was suggested in various memoranda that if a bill was not paid within a fixed period, the Department should pay bank rate of interest on it. Former E-In-Cs who appeared before the Committee agreed with this view and stated that bills not paid within 3 months of the completion of works, should carry interest at a rate to be prescribed. Asked about his reaction to the suggestion, the Defence Secretary stated during evidence that "I accept the concept but the determination of the quantum of interest etc. may run into difficulties."

2.43 The Committee asked if this step would not make the Department move quicker and ensure that payment of bills was not delayed. Defence Secretary stated that "I am willing to consider this but we will have to consult our colleagues"—In reply to an observation that payment of interest would eradicate the evil of delay in making payments to contractors, Defence Secretary added that "I personally speaking "I accept the merits of your proposal"

.244 Delay in payment of final bills of contractors by MES has been brought to the notice of the Committee in a number of representations. According to the Ministry the aim of the Department is to pay small bills upto Rs. 5 lakhs within 4 months and others within 6 months. Ministry has, however, admitted that in a number of cases the time schedule is not adhered to. There were 1322 final bills involving an amount of Rs. 375 lakhs during the last 3 years which were not paid within 6 months. From this it is obvious that the procedural measures adopted by the Department such as billing returns and billing Conferences have not been effective enough to eliminate delays in payment and require to be reviewed.

(S. N. 11)

.245 According to non-official views, delay in finalisation of deviation orders and star rates before completion of work is one of the main reasons for delay in payment of final bills. According to the Ministry deviation orders including the rates are required to be finalized within a period of 6 weeks except in a few complicated cases where too these are finalised as expeditiously as possible. The Committee would like to know whether, and if so, how any monitoring is done by the Engineer-in-Chief's Branch or Command Headquarters to ensure that deviation Orders including the rates are finalised within the prescribed period of 6 months. They would also like to be apprised of the number of deviation orders issued after 6 months vis-a-vis the total number of deviation orders issued during the last 3 years and in how many cases the payment of bills was delayed on this account.

.246 The Committee would also like the Ministry to evolve a procedure under which Deviations which are not formalised within 6 weeks are brought to the notice of Command Headquarters or the Engineer-in-Chief's Branch, as the case may be, to enable them to review the reasons for delay and take remedial action.

(S. No. 12).

.247 The contractors think that the CDA's office does not accept final bills even for scrutiny unless attested copies of deviation orders are attached to them and this causes delay in payment. The statements made by the Ministry in evidence are ambiguous and have not made the position very clear. The Committee would like the Ministry to make the procedure in this regard clear beyond any iota of doubt, so as to ensure that non-attachment of deviation orders to final bills does not hold up payment of the bills. Even if the contractors are expected to attach deviation orders and these are found



not to have been attached the processing of such bills need not be delayed just on that account and, if necessary, the certified copies of deviation orders already available in the CDA's office might be made use of for the purpose of paying the bills.

(S. No. 13)

2.48 It has been suggested to the Committee that the payment of bills can be expedited if the billing is taken not after the completion of work but a progressive billing system is introduced. According to the Ministry progressive billing will entail continuing technical and audit check and this might be difficult to achieve with the present staff strength. The Committee however understand that some Chief Engineers have already adopted this system and prepared the bills and sent them to the Controller of Defence Accounts for within a month of completion of works. The Committee desire that the Ministry should study the progressive billing system already adopted by some Chief Engineers and examine the question of extending it to as many more Chief Engineers' Zones as possible.

(S. No. 14)

2.49 All bills for works beyond Rs. 1 lakh are sent to the Controller of Defence Accounts for pre-audit. It has been suggested to the Committee that this system of pre-audit should be dispensed with and contractors paid in full after keeping a nominal amount and the bills may then be post-audited within a stipulated period and adjustments made.

2.50 The Ministry is not in favour of dispensing with pre-audit of bill as in its opinion double check is necessary to guard against over payment. The Committee feel that the question of pre-audit may be examined in depth with an open mind and a bold approach to determine whether it cannot be dispensed with after taking suitable safeguards against over payment. If a suitable system can be evolved, it will go a long way in preventing delays in payment.

(S. No. 15)

2.51 Seeing the price rise since 1974 when the limit of Rs. 1 lakh for passing of bills without pre-audit was fixed, the Committee are of the view that as an interim measure, this limit should be raised to Rs. 5 lakhs.

(S. No. 16)

2.52 Defence Secretary is not in favour of posting an Accounts Officer/Dy. CDA at the level of CWE to audit all bills before payment, for want of adequate volume of work. He, however, agreed to consider extending the scheme of decentralisation under which

Area Accounts Officers at the Dy. CDA level exercise pre-audit of bills emanating from a number of CWEs and sometimes more than one CE.

2.53 The Committee suggest that the scheme of decentralisation of audit work should be extended to as many more zones as possible so that the bills are pre-audited in the zone itself and are not required to be sent to the Central Office of CDA.

(S. No. 17)

2.54 The Committee feel that it is but fair that contractors who have to raise capital at the market rate of interest for executing works, should be paid interest on their bills which remain unpaid for more than 3 months after completion of works. The Committee desire that this proposal should be examined and given a concrete shape as early as possible. Defence Secretary also conceded that there was merit in this proposal. This will not only act as a spur to settle bills without delay but also compensate contractors in the event of delay in payment.

(So. No. 18)

#### (D) *Arbitration Cases*

2.55 It has been stated in a memorandum to the Committee that "The MES has perhaps the largest percentage of contracts going up for Arbitration of all Departments. To an extent this is due to MES contracts being more rigid than in other Engineering Departments. There is scope for their being made a little more realistic and little more permissive.

2.56 The MES contract form should also be revised in keeping with the judgements of the Supreme Court in cases arising out of contracts. The realities of the situation should also be kept in view in resolving contractors' genuine difficulties."

2.57 The Ministry has stated that MES forms are being amended from time to time in consultation with Ministry of Law and Ministry of Finance to remove inequity and rigidity as far as possible.

2.58 As regards increase in arbitration cases the Ministry agreed that arbitration cases are on the increase particularly after 1973.

This will be evident from the number of arbitrators appointed by the E-in-C for the last four years, details of which are as follows:—

1976-77	51 Nos.
1977-78	74 "
1978-79	121 "
1979-80	110 "

2.59 The Committee asked whether there was a tendency on the part of contractors to resort to arbitration without justification. The Ministry stated in a written reply that there was a **general feeling** that the contractors could get more out of arbitration than through discussion with the Department. In many cases contractors have invoked arbitration even after signing the final bill without protest. They also boost their claims with no stakes.

2.60 There have been a few cases where contractors have sought arbitration through court. These have occurred only when there has been a delay in obtaining particulars required for appointment of an arbitrator. In one or two cases they have taken recourse to court direct without approaching the E-in-C.

2.61 In a memorandum it has been suggested that "Appointment of Arbitrator may be made easy and Arbitrator may be appointed soon after the request is made. The involved parties (GE's/CWE's) may not be consulted on this subject."

2.62 The Ministry has stated that no consultation is done. Essential particulars are obtained if not already available. Appointment of arbitrator is done with the possible delay. Well defined disputes are, however, being insisted upon before appointment for intimation to arbitrator.

2.63 At the Committee's instance, the Ministry furnished the following information showing the time taken in appointment of arbitrators after the receipt of requests, during the last 3 years:—

(a) 1.	Nos. of cases referred to arbitration during the last 3 years	537
	2. Nos. of cases in which arbitrators appointed within 3 months	189
(b)	Do. 3 to 6 months	131
(c)	Do. 6 to 9 months	67
(d)	Do. more than 9 months	90

### *Outside Arbitrators*

2.64 It was stated in a memorandum that the main flaw in the machinery for settling disputes is that the MES contracts are under the jurisdiction of an arbitrator appointed by the Department. MES should prepare a list of 3 names as arbitrators and they should not be serving officers of the MES. They should be serving officers of an appropriate status from PWDs, Railways, Public Sector Organisations or retired officers of the MES of appropriate ranks. The contractor should have the right to choose one name from the list and this process should be limited in time.

2.65 In a written reply, the Ministry stated that preparation of list of arbitrators to include officers from outside the MES, retired or otherwise would not be desirable.

2.66 During evidence before the Committee two former Engineers-in-Chief supported the view that it would be better to appoint arbitrators from other departments (outside the MES) and the contractors should have the choice to pick up one name out of the names suggested by the Department.

2.67 During evidence the Defence Secretary stated that whenever an arbitrator was appointed, care was taken to see that he was from outside the area of the contract under dispute, so that he was not directly linked with that particular contract or dispute. If the arbitrator was appointed from outside the Department, he might not be fully conversant with the environment, working conditions, constraints, procedures and parameters under which the work had been executed. For greater equity and justice, it was necessary that the officers appointed were those who are fully conversant with the functioning of the MES. Therefore, the Ministry did not favour the suggestion of appointing outside arbitrators.

The witness further stated that it might not be desirable to appoint retired officers of the MES. Apart from the extra expenditure by way of remuneration, there might be a tendency on the part of the officers to prolong the arbitration. Even in the case of serving officers, care was taken that the remaining period of their service was not less than two years so that there was sufficient time to complete the proceedings and publish the award. The witness added that it was proposed that where the number of cases was large in any particular Chief Engineer's circle or jurisdiction, the Ministry might think of appointing a whole-time officer to deal with arbitration awards, rather than giving it to an officer who was otherwise busy.

*Review of Arbitration cases* ..

2.68 It was stated in a memorandum that "of late there has been an increasing number of arbitrations, mostly invoked by contractors. Also there have been a number of heavy awards in their favour. This important issue required to be analysed and studied in detail on the basis of actual statistics. It has been suggested that the present procedure needs to be reviewed."

2.69 The Committee asked whether a review of arbitration cases had been undertaken. The Ministry has stated that while there had been no specific review there had been a spate of arbitrations consequent to suspension order on account of financial stringency during 1973-74 when there was considerable rise in market rates. Many contractors lost heavily because of this suspension. They resorted to arbitration as no relief could be afforded to them by the Government. In arbitration, many of them succeeded. The arbitrators gave awards contrary to the contract provisions. Ministry of law did not find good reasons to contest them though the department was keen to do so atleast for obtaining supreme Court views on authority and jurisdiction of arbitrators in respect of certain basic issues. No separate review has been carried out.

2.70 The Committee desired to be furnished with the number of cases in which arbitration awards went in favour of contractors and Government during the last five years. The Ministry of Defence furnished the following figures in respect of arbitrations for Chief Engineers' contracts showing the number and value of awards in favour of contractors during 1976—81:—

(a) Total No. of awards published . . . . .	207	
(b) In favour of Contractor . . . . .	201	(97%)
(c) In favour of Government . . . . .	6	(3%)
(d) Amount of contractors' claim upheld . . . . .	Rs. 504 lakhs out of 1796 lakhs	(28%)
(e) Amount of Government claim upheld . . . . .	Rs. 34 lakhs out of 306 lakhs	(11%)

*Delay in Awards*

2.71 It was stated by the Ministry that the arbitrators are required to publish their awards within a period of six months which may be extended with the consent of both the parties. The

period in most cases is enlarged because of various factors which are:—

- (i) Delay in submission of statements of claims and defence by the parties.
- (ii) intricate nature of disputes.
- (iii) Employment of counsel in some cases by parties which in turn prolong argument etc.
- (iv) Pre-occupation of arbitrators and convenience of parties for holding hearings.
- (v) Resignation of arbitrators on account of transfer retirement, requiring appointment of new arbitrator.
- (vi) Stay orders from courts or reference to courts by arbitrators.

The Committee desired to know to what extent the Department was responsible for delay in submission of statements of claims and defence to the arbitrator.

2.72 In a written reply, the Ministry has stated that in submitting statement of claims there is normally no delay. The submission of defence however in many cases is delayed as at that stage a number of fresh claims are received from the contractor and new facts are brought out. These require through verification and often consultation with legal and audit authorities before submission to the arbitrator.

2.73 It was suggested to the Committee that there should be whole-time arbitrators in the Department so that the proceedings are not delayed because of pre-occupation of the officers appointed as arbitrators.

2.74 Asked about the Ministry's view in this regard, the Ministry has stated in a written reply that delay on the part of the arbitrators can, to a large extent be avoided if there is a panel of full time arbitrators within the Department. The feasibility of introducing such a system will be examined.

2.75 At the instance of the Committee, the Ministry of Defence has furnished the following statement indicating the period of pendency of the arbitration cases (Oct., 1981):—

(i) Nos. of arbitration cases pending . . . . .	454
(ii) Nos. of arbitration pending for less than 6 months . . . . .	59
(iii) Nos. of arbitration pending for more than six months and upto 1 year. . . . .	
(iv) Nos. of arbitration pending for more than 1 year and upto 2 years . . . . .	13
(v) Nos. of arbitration pending for more than 2 years . . . . .	16

### *Reasoned Awards*

2.76 In a memorandum it was suggested that all awards exceeding an agreed amount (say Rs. 50,000/-) should be reasoned awards.

2.77 In a written reply the Ministry has stated that so far as reasoned awards are concerned, the officers normally appointed as arbitrators would not be able to give reasoning in a manner perhaps, a trained judge can do. In turn such an award will be more vulnerable and litigation will increase. Hence this is not recommended. The question of requiring an arbitrator to give findings on factual, contractual and legal aspects is however worth considering. Incidentally, the Law Commission also did not recommend to make it compulsory that an award must be reasoned. However this point is debatable and may be referred to Ministry of Law.

### *Challenging Awards*

2.78 It has been brought to the Committee's notice that there is an unhealthy trend of challenging the arbitration Awards indiscriminately. When awards are challenged by the department and the department fails to have them set aside, there should be a penal provision for the indiscretion in challenging the award and causing harassment to the contractors.

2.79. The Ministry has stated that the allegation is not correct. On the other hand some contractors contest the awards on some grounds or the other just because they do not like it. So far as MES is concerned, it is Ministry of Law who decides whether an award can be contested and their decision has to be implemented. In majority of the cases, the advice is not to contest the award

because they find no legal grounds to do so in spite of such an award being adverse to Government. If Ministry of Law finds strong legal grounds for contesting an award, they spell those out for the purpose.

2.80 The Committee desired to know the number of cases in which arbitration awards were challenged by the Department and their percentage to the total number of cases decided during the last 3 years. The Ministry has furnished the following information:—

- |  |             |
|--|-------------|
| (i) Nos. of arbitration awards challenged out of 339 received. | 109         |
| (ii) Percentage of the above mentioned awards                  | 33 per cent |

2.81 Not only has the number of arbitration cases increased particularly after 1973 but the arbitration awards have in overwhelming number of cases gone against the Government. The number of cases increased from 51 in 1976 to 74 in 1977-78, 121 in 1978-79 and 110 in 1979-80. During 5 years period 1976—81, out of 207 awards published, 201 (97 per cent) went in favour of contractors and only 6 (3 per cent) went in favour of Government. From this the Committee cannot but come to an irresistible conclusion that there is something seriously wrong in the works or billing procedures, terms of contracts and the attitude of MES authorities towards the contractors' difficulties. The Committee regret to learn that the Ministry has not so far chosen to review the arbitration awards to see in retrospect as to what is wrong with the MES procedures and why increasing number of challenges to the MES decisions are being upheld in arbitration. The Committee recommend that comprehensive review should be undertaken expeditiously and remedial measures taken to remove inequity and rigidity in terms and procedures, so that the number of disputes could be reduced and unnecessary arbitration proceedings avoided. (S. No. 19)

2.82 The Committee find that there has been considerable delay in appointment of Arbitrators by the Department. During the last three years out of 537 cases referred to Arbitration in as many as 131 cases there was delay of 3-6 months in appointment of Arbitrators; in 67 cases it was 6 to 9 months and in 90 cases it was more than 9 months. Such delays do not speak well of the Department's efficiency. If the contractors are constrained to seek arbitration directly through courts without approaching the departmental authorities the Ministry itself is to blame for this development. The



Committee desire that the Ministry should lay down firm time-limits for appointment of arbitrators after the receipt of requests from contractors and ensure through proper monitoring that delays in appointment of Arbitrators are avoided at any cost. (S. No. 20)

2.83 From the representations made by contractors the Committee have got an impression that the contractors do not have full faith in the independence and objectivity of arbitrators drawn from the MES organisation. They would prefer serving officers from Departments like CPWD, Railways, Public Sector organisations or retired officers of MES of appropriate rank to be appointed as arbitrators. The Committee appreciate the Ministry's objection to appointment of retired officers as arbitrators but their argument against the appointment of serving Officers from outside MES does not carry conviction at all. The Committee would recommend that the Ministry should draw up a panel of suitable officers from outside the Ministry and appoint arbitrators from that panel in the interest of justice to the contractors. (S. No. 21)

.. 2.84 Though Arbitrators are normally required to publish their awards within 6 months the Committee regret to find that out of 454 pending Arbitration cases, 93 are pending for 6 months to one year, 139 cases for one year to 2 years and 163 cases for more than 2 years. Many of the reasons for pendency such as delay in submission of defence, pre-occupation of Arbitrator and resignation of Arbitrator on account of transfer, retirement etc. should not be beyond the Ministry's control. The Committee agree with the Ministry that delay on the part of Arbitrators can to a large extent be avoided if there is a panel of full-time Arbitrators. They would like the Ministry to take concrete measures, including having a panel of full-time arbitrators, to ensure that arbitration awards are given within the stipulated period of six months as far as possible. (S. No. 22)

2.85 It has been suggested that all awards exceeding an agreed amount of say Rs. 50,000 should be reasoned. The Ministry, do not favour this. According to the Ministry Arbitrators would not be able to give reasoning in the manner a trained judge can do and such an award will be more vulnerable and litigation will increase. In the view of the Ministry, the question of requiring an Arbitrator to give findings on factual, contractual and legal aspects is worth considering. The Committee desire that this question should be examined in consultation with the Ministry of Law. The concept of having

a panel of full-time Arbitrators which the Committee have recommended would go a long way in arbitrators acquiring necessary training in helping the Ministry to introduce the system of giving reasoned awards or findings on factual, contractual and legal aspects. (S. No. 23)

2.86 The Committee find that during the last three years, out of 339 Arbitration Awards, the Department challenged 109 (33 per cent) Awards. According to the Ministry an Award can be challenged after taking the advice of the Ministry of Law and in the majority of the cases the advice is not to contest the award. The figures given by the Ministry however indicate that Arbitration Awards are being challenged in a substantial percentage of cases. This in the Committee's view defeats the very purpose of arbitration system which is aimed at quick disposal of disputes. The Committee would like that challenging of awards should be resorted to by the Department in rare cases, where the Department is convinced of such a necessity, where the Department is convinced of such a necessity. (S. No. 24)

CHAPTER III  
EXECUTION OF WORKS

(A) Works Procedure

*Classification of Works*

3.1 For the purpose of Administrative and Technical control the works are sub-divided into:

- (i) Major works—costing more than Rs. 20,000.
- (ii) Minor works—costing up to Rs. 20,000.

The Committee desired to know when these financial limits were fixed and whether these did not need revision in view of increase in prices. The Defence Secretary informed the Committee during evidence that, these limits were fixed in 1936. But for budgetary purposes, the amount, that is changed to revenue head and capital head is raised to Rs. 1 lakh. While theoretically in books this ceiling of Rs. 20,000 continues, in actual practice, the operation of ceiling has been Rs. 1 lakh. The witness added that he had suggested that steps should be taken to modify the limits.

*Administrative approval and sanctioning of works*

3.2 It was represented to the Committee that the time taken to accord Administrative Approval increases as the level of Competent Financial Authority (CFA) goes up. Generally, the time taken at the level of various CEAs up to Chief of Army Staff (COAs) which takes approximately 6 months, is considered quite reasonable. However, the time lag for works requiring Government sanction increases disproportionately as it takes approximately 18 to 24 months to issue Administrative Approval. It was suggested that the powers for sanctioning work by lower CFAs/COAs should be increased so that COAs should be able to sanction accommodation for at least one unit at a time.

3.3 During evidence (14.12.81) the Defence Secretary informed the Committee that orders had been issued on 4th December, 1981 revising upward the powers of officers at various levels for accord-

ing of administrative approval to works. In the case of Chiefs of the three services, the powers have now been raised to Rs. 80 lakhs as against Rs. 50 lakhs earlier. The witness admitted that in the past there had been delays in approval of works for various reasons. The Ministry expected that with the upward revision of powers, there would be less occasions for delays. The Defence Secretary assured that they would keep this matter under constant watch and reduce the delays to the minimum.

3.4 At the instance of the Committee the Ministry of Defence furnished the following figures showing the time taken in sanctioning works during 1981-82:—

(a) Total works sanctioned upto 1-12-81 as per break-up given below :—	57 Nos.
(i) Sanctioned under 6 months	8 Nos.
(ii) Sanctioned between 6-12 months	27 Nos.
(iii) Sanctioned over 12 months	21 Nos.
(b) Estimates pending sanction on 1-12-81 as per break-up given below :—	114 Nos.
(i) Pending for 6 months or under	47 Nos.
(ii) Pending between 6-12 months	22 Nos.
(iii) Pending over 12 months	45 Nos.

At present a new project has to go through various stages of reference to the Ministry of Defence and Finance (Defence) before it is finally sanctioned. In some cases it takes 3-5 years for a project to be sanctioned. It was suggested by non-official that once a project is accepted by Government the detailed sanction should be left to the Service headquarters.

It was also stated in the memoranda received by the Committee that there was a tendency on the part of the junior and middle level officers to sit in judgement on the technical recommendations of the Engineer-in-Chief and that there was unnecessary correspondence and noting between the Engineer-in-Chief and the Ministry of Defence and Finance (Defence).

3.5 During evidence before the Committee a former Engineer-in-Chief stated I have seen some files where Deputy Secretary,

Under Secretary or even Section Officer have made notes about specifications estimates etc. without knowing what they are talking about. Every Government Officer should make it a rule that he will dare comment on a thing which is within his own personnel area of competence then there will be no difficulty. This is one area where things have to be changed." The witness added "Technical officers also are as loyal to Government as others. It is not the monopoly of one person who at that time happens to be Secretary or (Joint Secretary) J.S." He was of the view that on technical matters and views of Senior Engineering Officers on technical matters, the Defence Secretary or officers below him should not comment. They should ensure that money was available and work was done. By such action a lot of red-tapism could be cut out.

3.6 Asked if the Ministry should not decide on the necessity or timing of the work, the witness stated "On the necessity of work also I do not think the Defence Secretary is fully competent to decide. Service Officers are more competent to do so."

3.7 During evidence of the Ministry of Defence the E-in-C informed the Committee that "there have been delays earlier but we tried to get over them whenever objections were raised by trying to arrange discussions across the table."

3.8 Asked about the phenomenon of middle level officers in the Ministry raising objections on technical recommendations of E-in-C and others, the witness stated that "I think, this may have held good sometime ago. But currently, there has not been very much of this sort of a thing. Comments or objections are in relation to scale, necessity and financial constraints. Technically, whatever Engineers say is, more or less, accepted." The witness added that with a review to expediting sanctioning of works, it was proposed to have some sort of institutionalised procedure for monitoring the projects before sanction.

*Excess of Expenditure over Estimates of works*

3.9 From a statement furnished by the Ministry, it has been observed that in a number of cases, the actual cost of completion of works exceeded the estimates by more than 50 per cent. A few examples are given below:—

Name of work	Administrative Approval (amount in lakhs)	Completion cost (Amount in lakhs)	Percentage of excess
1. Provision of Central Sewage Scheme at Delhi Cantt. (Phase-I) (W. 1050)	59.44	143.40	140%
2. Provision of accommodation for married officers, Dum Dum, (EO/651)	68.39	122.34	78.88%
3. Provision of accommodation for expansion of MEG and C Bangalore—Phase-II	31.05	63.466	106%

3.10 In a written reply, the Ministry informed the Committee that the general reasons for the completion cost of works being in excess of their original estimated cost were as follows:—

- (i) Steep inflation prevalent in the country.
- (ii) A bank of sanctions are maintained by CFAs for release of new works each financial year depending on availability of funds. Consequently, there is a time gap between date of sanction and date of release, during which escalation contributes to the excess.
- (iii) Change in scope of work due to users requirements.
- (iv) Non-materialisation of availability of land in case of urgent projects sanctioned in anticipation.

Instructions have been issued not to change scope of works and restrict sanctions to only those projects where land is physically available.

3.11 There were a number of works all over India which were suspended/fore-closed during 1973 under Govt's orders on account of financial stringency when the suspension was revoked after a period of nearby one year, on account of steep price escalation, the original estimates had to be revised.

3.12 It has been stated in a note that the work I above was originally sanctioned for Rs. 59.44 lakhs in 1973 and a revised administrative approval was accorded in 1981 for Rs. 143.40 lakhs, percentage of increase being, 140 per cent the increase in cost has been accounted for by escalation in costs (including excess Rs. 55 lakhs), very low cost of dewatering originally estimated (involving excess of Rs. 20 lakhs) and failure to obtain detailed firm estimates of works to be executed by Railways and Delhi Municipal Corporation.

In the case of work II which was sanctioned in July, 1972 and construction started. When the construction had reached plenthy level, the work was foreclosed on account of financial emergency. When the work was again released for execution in June, 1975 there was escalation of cost.

In case of work III above sanctioned in 1970, due to technical reasons, the sitting of the magazines had to be changed in 1974 for safety requirements. The cost went up due to steep escalation of prices.

#### *Tolerance limit*

3.13 If either at the time of preparation of costed schedule or technical sanction or when the tenders are received, it is noticed that the cost of project is going to exceed, the administrative approval by more than 15 per cent then a revised administrative approval is sought from the competent Financial Authority (CFA) before contract action is taken. It was represented to the Committee that approximate estimates are prepared at prevailing market rates. Scrutiny of approximate estimates takes 18 months to 2 years depending on the magnitude and type of work. Tendering action may take another 6 months. During this period the cost of work escalates by approximately 15 to 20 per cent necessitating fresh financial sanction thereby involving further delay in works.

3.14 It was suggested that (i) at the time of issue of Administrative Approval, estimates should be permitted to be increased by 7½ per cent for each year that has elapsed since the preparation of the approximate estimates;

(ii) the existing tolerance limit of 15 per cent over and above the Administrative Approval should be increased to 30 per cent with suitable safeguards.

3.15 A former Engineer-in-Chief and the serving the MES Officers whom the Committee met during on the spot study visit were categorically of the view that the tolerance limit of 15 per cent should be raised to 30 per cent or so to avoid delays in sanctions. The tolerance limit should also be related to the period of gap between original sanction and tender action. The Committee asked the Ministry whether in view of the time lag between the preparation of estimate and opening of tenders and the rather faster rate of inflation, the tolerance limit of 15 per cent was not required to be increased to avoid unnecessary reference back and forth and the consequent delays in execution of works. The Defence Secretary replied in evidence that it was one of the objective of the Ministry to reduce the time lag between the preparation of estimates and opening of tenders. In regard to references to higher authorities, the witness stated that it was expected that the recent increase in the powers of sanction at a various levels would help to some extent in reducing the number of references to higher authorities.

3.16 As regards the proposal to increase tolerance limit from 15 to 30 per cent, Defence Secretary stated that this had to be viewed in the context of the need for ensuring some kind of monitoring and power scrutiny of estimates and of tenders. Defence Secretary outlined the following approach which he proposed to follow in this regard:—

1. There should be increase in the level of local powers of sanction (which they have already made). This would result in reduction in the number of references to higher authorities.
2. The present method of making references to higher authorities is also rather circuitous. The Ministry is trying to see whether it can reduce unnecessary channels.
3. A Committee has been set up in the Ministry of Defence. It meets every month under the Chairmanship of Additional Secretary and reviews all the pending cases and the reasons for delay and tries to avoid delays.

- 3.17 The Defence Secretary was of the view that the results of the three pronged attack as outlined above should be watched. He was not in favour of increasing the tolerance limit from 15 to 30 per cent for the time being. Defence Secretary stated that the Ministry was also separately trying to see whether there was any index prepared of the increases in the rates of various construction materials and whether there was a possibility of linking the estimates to the index. If it was possible, the Ministry could consider



linking estimates with the index.

3.18 The Engineer-in-Chief was of the view that "Instead of tying ourselves down to a definite figure of 7½ per cent inflation every year, we can go over the rate of inflation in the last two or three years and in the estimates itself, an additional margin can be given for anticipated inflation. That, coupled with the tolerance limit of 15 per cent, should be all right."

3.19 The Committee are surprised to find that for the purpose of administrative and technical control, the financial limit fixed for major works (costing more than Rs. 20,000) and minor works (costing upto Rs. 20,000) fixed as far back as 1936 has not since been revised by MES although there has been tremendous increase in the price level. Though the limit of 20,000 continued theoretically, in actual practice, the Ministry has stated, this has been raised to Rs. 1 lakh. If that is so, it will be in the fitness of things that the limits are also formally revised upwards in line with the actual practice and an exercise to link them with price levels is undertaken periodically.

.. 3.20 At present there is considerable delay in according administrative approval to works. As on 1-12-1981, there were 114 cases pending for sanction, out of which 22 were pending for 6-12 months and 45 for over 12 months. Out of the works approved, during April-November 1981, there was a delay of 6—12 months in the case of 27 works and of over 12 months in respect of 21 works. The Committee find that after the Committee took up examination of the subject and a few days before the Ministry appeared before the Committee for evidence, the Ministry issued fresh orders on 4th December, 1981 raising upward the powers of the officers at various levels for according administrative approval to works. The power of Chiefs of Air Staff, Navy Staff and Army Staff have now been raised to Rs. 80 lakhs as against Rs. 50 lakhs earlier. The Committee hope that there would now be less occasions for delay in according of administrative approval to works and that this matter would be kept under constant watch.

(S. No. 25)

3.21 It has been represented to the Committee that there is unnecessary correspondence and noting between the technical officers of the Engineer-in-Chief's Branch and the Ministry of Defence and Finance (Defence) before the works are sanctioned. The need for cutting out red-tapism and keeping the tendency on the part of junior and middle level officers to sit in judgement over technical recommendations of the Engineer-in-Chief and other senior officers of the

**Engineer-in-Chief's Branch has been emphasised in a number of memoranda. There is great weight in what a former Engineer-in-Chief has said that on technical matters and on views of senior Engineering Officers in technical matters, officers of the Ministry of Defence or Finance (Defence) should not comment.** ..

.. **3.22 The serving Engineer-in-Chief conceded in evidence that the practice of junior or middle level officers of the Ministry commenting on technical recommendations of senior engineering officers was there earlier but from his statement that now "technically, whatever engineers say is more or less, accepted" (emphasis provided), it is clear that even now the practice has not completely vanished. In the Committee's opinion, the Ministry should confine its comments on necessity, scale and financial constraints in relation to a work. It is not proper for the Ministry or any of its officers to sit in judgement over technical matters or technical views of senior engineering officers. If they do so, they will be crossing the limits of their competence. The Committee would like the Government to lay tapism, across the table are now held to resolve the objections raised by the Ministry. The Committee hope that the Ministry will lend full support to this system to make it a success in the fight against procedural delays.** (S. No. 27)

**3.23 The Committee welcome the Engineer-in-Chief's statement that, in order to cut short unnecessary correspondence and red-tapism, across the table discussions are now held to resolve the objections raised by the Ministry. The Committee hope that the Ministry will lend full support to this system to make it a success in the fight against procedural delays.** .. (S. No. 27)

**3.24 From the information furnished to the Committee, they find that the actual expenditure works exceeded by more than 50 per cent in a number of cases. In three cases of which details were asked for by the Committee, the expenditure exceeded the estimates by 140 per cent, 106 per cent and 78.38 per cent respectively. While steep inflation and long time gap between original sanction of estimates and execution of works due to financial constraints and no doubt factors on which the MES may not have any control, the same cannot be said about the other two principal factors, viz. chance in scope of work due to users' requirements and delay in the availability of land. Cost over-runs on these accounts can certainly be avoided by better planning and advance action on the part of the Ministry/MES. The Committee would expect the Ministry to spare no effort to complete the works in the shortest possible time to avoid excess of expenditure over original estimates.** .. (S. No. 28)

3.25 The present tolerance limit of 15 per cent over and above the administrative approval is considered inadequate by non-officials and officials alike to take care of the increase in estimates on account of inflation during the period between sanction of estimates and the opening of tenders. The consequential reference back to the sanctioning authority for approval of revised estimates results in delays. The Ministry is, however, not in favour of raising the tolerance limit to 30 per cent for the time being in view of certain other measures taken to deal with this problem. The measures stated to have been taken or being taken in this regard, namely, enhancement of financial powers at all levels, streamlining of procedure of reference to eliminate unnecessary channels and monitoring of pending cases by a Committee headed by Additional Secretary, will no doubt help but may not fully do away with the need to raise tolerance limit to minimise delays inherent in the process. The Committee agree to the proposal made by Engineer-in-Chief that the rate of anticipated inflation might be estimated in the light of inflation in the preceding 2-3 years and an additional margin on this basis given in the estimates. The additional margin, coupled with the existing tolerance limit of 15 per cent should serve the purpose well. The Committee desire that this proposal should be given a concrete shape and given a trial under proper guidance and results evaluated after some time.

(S. No. 29)

3.26 The Committee take note of Defence Secretary's thinking in regard to the possibility of linking estimates with index or prices of construction materials. They would watch the outcome of this study with interest.

(S. No. 30)

(B) *Delay in Completion of Works*

3.27 The Ministry informed the Committee that out of 960 works completed during the period 1976-77 to 1980-81, 243 works were delayed by 6 months to one year, 148 works by one year to two years and 56 works for over 3 years. The reasons for delay in completion of works are *inter alia*, stated to be as follows:—

- (i) Late handing over of sites by users.
- (ii) Additional works ordered.
- (iii) Escalation in cost, fresh administrative approval needed.
- (iv) Revision.
- (v) Change in scope/specifications due to users requirements.
- (vi) Non-availability of building material like cement and steel.

- (vii) Delay due to progressing and of according Financial concurrence.

### *Non-availability of Sites*

3.28 Regarding Non-availability of site, a former Engineer-in-Chief stated that experience had shown that hardly any State Government released the land for Defence Services without personal intervention of the Defence Minister and sometimes the Prime Minister; otherwise the file kept on moving forward and backward without any result.

3.29 In regard to acquisition of land, another former E-in-C stated that the acquisition of land should be a part of sanction. There were cases where works were sanctioned before land was acquired and for want of physical possession of land, works could not be started for long after sanction.

3.30 The Ministry stated in a written reply that though instructions exist that a tender will not be accepted until all the sites are available for handing over to contractor. MES in its anxiety to commence work, to meet the urgent requirements of the users, sometimes goes ahead with the Acceptance of the Contract in the hope that sites would be made available in due course of time and non acceptance of tenders might mean higher expenditure/rates due to the rise in market trend.

### *Changes in plans*

3.31 It was suggested in a memorandum that to avoid delay in completion of MES works caused by changes in plans and designs, there should be thorough dialogue between the users and MES during the planning stage itself in which adequate time must be allowed.

In another memorandum, it was stated that there was a lot of interference from the users and MES department frequently accepted changes suggested by the users, some time even for items which already had been completed. This led to disputes and delays in the completion of projects.

3.32 The Ministry of Defence stated that there is a certain element of truth in the statement. It is a fact that the users reaction in the case of the MES is more than in other Departments. Users being the staff authorities/local commanders can exert a certain

amount of pressure on MES executives to accept certain changes—changes required by the users are mostly connected with the functional use of the building. Cases where changes are accepted after completion are, however, very rare.”

3.33 During evidence before the Committee a former Engineer-in-Chief stated that a dialogue between the Users and MES was there at present. As far as standard accommodation like non-technical accommodation was concerned, there was not much of problem because the designs had been standardised and accepted by all the three-Service Headquarters and they were only repetitive. The problem only arose in case of other accommodation particularly technical accommodation where the User himself very often did not know what was required. The witness added that this problem did not occur in the case of Army. It occurred in case of Air Force and Navy which are new Services and had expanded considerably. Their requirements had become complicated because the technological advancement was very fast. But by and large it was stabilising.

3.34 It was stated in another memorandum that revision of design and plans of work during the course of execution of work was most painful. Deviations were made too often. Decisions for revision were withheld for long time and work suffered till these orders were received. If the verbal instructions were accepted, the payment against this work remained withheld for a long time for want of deviation orders. Many a time contractors were not compensated adequately. The Departments rule and Engineer-in-Chief's instructions pertaining to deviation orders are generally and conveniently ignored by the concerned staff.

3.35 The Committee desired to know the percentage of cases in which changes in plans were made in the course of execution as a result of pressure from the users and also the reasons for changes in plans in the course of execution of works and these changes could be brought down to the minimum.

3.36 The Ministry stated that the percentage of cases in which changes in plans were made in the course of execution as a result of pressure from the Users had been worked out from a sample survey of two Zonal Chief Engineers. It was found to be insignificant as it worked out to 0.43%. The reasons for changes in plans in the course of execution of works were as under:—

- (a) Change in sizes and loads of sophisticated equipment in the case of works pertaining to Ordnance Factories, R&D.

Navy and Airforce subsequent to commencement of civil works.

- (b) Changes in design necessitated due to non-availability of certain sizes of steel and to utilise the available sizes.

The Ministry added that such changes are kept to the very minimum through constant dialogue with the Users which is a regular feature in the MES. Instructions are also issued from time to time by the User Authorities to their lower formations to refrain from such changes except under inescapable circumstances.

3.37 The Committee desired to be furnished with a statement indicating the number of works undertaken during the last three years, number of works in which deviation orders were issued and number of cases in which DO's were delayed for more than one month, two months, three months. In a written reply, the Ministry stated that almost all contracts for works having been made with deviations the compilation of all such contracts for the last three years was an enormous task and was likely to take a very long time.

The Ministry further stated that instructions had recently been repeated (December, 81) that changes wherever required would be conveyed to the contractor in writing and payments as due should be made therefor. Contractors have also been informally advised to insist on written orders. Normally changes are made in certain portions of work and while discussions in this regard are crystallized, a contractor can go ahead with the remaining portions unaffected. By and large, contractors adjust themselves to such situations and there has been no major complaint. The Contract Forms and instructions limit scope of ordering changes to discourage deviations. Whenever a change is decided, GE conveys a gist of it to the contractor to implement the same. A properly period deviation order is issued later on after checks at different levels. This priced deviation order is issued normally within six weeks. Sometimes it takes more time because of various factors e.g. preparations on special rates after obtaining vouchers etc., the nature and extent of deviation and the time available for this purpose while attending to more urgent duties.

3.38 During evidence, the Defence Secretary stated that any deviation in plan design has first to be approved by the accepting officer or the Engineer officer to whom such powers have been delegated. Secondly, such deviations have to be conveyed by the Garrison Engineer to the Contractor in writing together with the

manner of pricing. The detailed deviations are not to be ordered orally.

In case a written order is not possible, then this has to be recorded in the site order book, through which contractor is to be communicated about the design or the specifications. These instructions, the Defence Secretary stated, were issued in August, 1981. In December, 1981, these instructions had been reiterated emphasising that written orders must be issued in all such cases.

3.39 The Engineer-in-Chief stated that to prevent delay, certain powers to issue deviation had been delegated to officers at lower levels. In reply to a question, Engineer-in-Chief stated that the time limit as laid down for issuing deviation orders is six weeks but sometimes more time is taken for certain reasons. The Department, Engineer-in-Chief added, was trying to see that no delay occurred as far as possible.

3.40 It was represented to the Committee that the Contractors were not adequately compensated for changes made in the course of execution of works. Where the revision involved any work which might be beneficial to contractors, they were not ordered as a D.O. under the pretext of unintended benefit to the contractor but where the contractor stood to lose, the changes were "ordered" as necessary.

3.41 In a written reply the Ministry of Defence stated that:

"Only those changes are ordered which are unavoidable. In marginal cases, of course, various aspects are explained. As far as contractor is concerned he should have no objection or complaint to suggest what should or should not be ordered as long as a change is ordered within the framework of contract."

*Unrealistic time fixed for construction* ..

3.42 It was brought to Committee's notice that another reason for delay in construction was that realistic period of construction was not provided in the contract often at the behest of users who were in a hurry to get accommodation and occasionally to prevent funds from lapsing.

3.43 Defence Secretary during evidence stated that the norms of timings for construction depending on cost and type of works had been fixed by MES and then were normally followed. But sometimes

users required the work to be completed at an earlier point of time due to special considerations. In such cases after discussion with users a time-table was fixed which was workable in actual practice. The witness agreed that there was no point in fixing up any time table which was not workable. Defence Secretary agreed with this view that undue haste in construction was likely to affect the quality of construction. But he added, the problem was how to translate it into actual practice with reference to different works spread all over the country. The witness stated that he would request the Engineer-in-Chief to review the time fixed and the norms laid down in this regard after taking into account, *inter alia*, the time factor for obtaining construction materials.

### *Monitoring of performance*

3.44 As regards monitoring of progress of works, the Ministry stated that Chief Engineers laid down their own targets for each year in respect of selected items. This information was not available centrally with MES. Later, the Ministry informed the Committee that "the construction targets are finally reduced to financial terms against which the performance can be measured by way of actual expenditure."

3.45 The Committee asked whether it was correct to measure performance only in terms of actual expenditure. The Committee also desired to know whether there was any arrangement in the Engineer-in-Chiefs' Branch to centrally monitor the progress of selected works.

3.46 Defence Secretary stated during evidence that there were various arrangements for monitoring progress of works. Progress of works costing Rs. 30 lakhs and above was monitored by the Engineer-in-Chief's Branch through quality progress upwards. The Additional Secretary in the Ministry also held periodical meetings once in three months to discuss the progress of important and high value projects. The expenditure returns were also received quarterly and these gave the progress of expenditure incurred with reference to the various projects. The witness added that there was an inter-relationship between the expenditure incurred and the physical quantum of work. The Engineer-in-Chief added that the quarterly progress reports indicated progress in physical terms. For monitoring of projects, the Department had adopted extremely modern methods and worked out critical path methods which helped to pinpoint areas where progress was slow.



3.47 During evidence a former Engineer-in-Chief suggested that increasing the powers of site executives to give quicker decisions to solve day to day problems would help in curtailing delays in construction. Those decisions should not be questioned by anybody afterwards. These powers had to be made very clear so that the officers should know their scope and make use of them fully. The witness added "when I was a Garrison Engineer I had full powers. I do not know why they have been gradually eroded. I think there is some obsession of misuse of powers. If you give powers to your officers you have to trust them and give them power or you sack them."

(C) *Supply of Material*

3.48 The Committee desire to know the difficulties in the supply of materials like Steel, Cement etc. for MES requirements and steps taken to remove these difficulties. In a written reply the Ministry of Defence stated the position as follows:—

*Steel:* For sometime now, small sections of construction steel like Round and Tor Bars as well as certain sections of Angle irons and flats are not being rolled by the main producers. For such requirements billets are usually allotted by the OSD steel in lieu of these sections which have to be re-rolled to the correct sizes from local re-rollers.

But because of lack of re-rollers in certain regions, power shortage where re-rolling arrangements were available non-supply of billets etc. by main suppliers and certain other connected, difficulties, the timely availability of steel for Defence works has been a problem.

*Cement:* As against the yearly requirements of 6.5 to 7.5 lakh M.T. of cement, MES is being allotted between 4 to 6 MT thus leaving a short-fall of over 20 per cent. During 1980-81, the allotment of cement has been 5.88 lakh MT against the requirement of 7 lakh MT. This short-fall is adversely affecting the progress of works. Besides the initial shortage, the total quantity allocated is not despatched by the factories giving the following reasons:

- (i) No production due to shortage of power.
- (ii) Non availability of Railway wagons.
- (iii) Expiry of validity period.
- (iv) No production due to strikes.

In a number of cases, the cement factories insist on the cement to be collected by road, and which besides being expensive sometimes get delayed because the procedure involved in getting contracts for movement of cement by road.

*Steps taken to Improve situation*

3.49 A number of steps have been taken at various levels to overcome the difficulty in the supply of steel, cement and other materials.

*Steel*

(a) An engineer officer is positioned in Calcutta to assist OSD steel in procuring steel for Defence indentors. It would be of advantage if an engineer officer is posted as OSD (Steel).

(b) MES are accepting billets and are re-rolling them where actual sizes required are not available.

(c) Small steel producers and re-rollers having ISI Certification are being contacted and steel is being collected from them within the Chief Engineers' local procurement powers. At times, larger quantities are also procured by countersigning supply orders at this Headquarters.

(d) Surplus steel scrap available in zones is being utilised by re-rolling to required sizes. Government sanction exists to re-roll scrap upto 500 tonnes in a year. Some stock-piles of the required sizes of steel have been created in each Command whenever required sections are easily available.

*Cement*

Intimate liaison is being kept by the DESP with the Cement Controller, Regional Cement Controllers Railways and the concerned manufacturers to ensure speedy movement of cement. For this purpose a 'Task Force' has been formed headed by the DESP with a representative from the Railway Board, a representative from the Cement Controller and a representative from the DGS&D who met periodically and review the collection of cement by the Defence indentors. They also try to find and make up shortfalls by overcoming bottlenecks. Other actions being taken are as under:—

- (a) Some engineer officers located near the Regional Cement Controllers have been nominated as monitoring officers in each Regional Cement Controller's zone to help expedite cement to Defence indentors.

- (b) Representatives from MES Formations are deputed to cement factories to collect and expedite move of their quota of cement.
- (c) Wherever possible cement is collected by road also.

3.50 It was stated in a memorandum that the Department started procuring material after work was released. Instead of this, department should keep sufficient reserve stock from which material could be transferred for particular work till material for that work was obtained. During evidence, a former Engineer-in-Chief stated that there was an old saying "when you go for tenders you should have 50 per cent stores at site and 50 per cent in sight". But today supply of cement and steel give lot of problems. According to the witness, the position could improve only by stock piling.

3.51 In a written reply the Ministry stated that "Instructions exist and efforts made to procure materials required to be issued by the Deptt. ahead of conclusion of contract". According to the Ministry, it would not be desirable even if possible to stock pile entire requirement of materials before commencement of work. This may result in deterioration in the quality apart from locking up capital as also the scarcity conditions prevailing for such materials like cement, steel, bitumen, coal etc. Contractors on their part also would not be willing to take over all such stores right at the beginning, and thereby create storage space problem also.

3.52 During evidence before the Committee another former Chief Engineer stated that priority allotted to Defence works was down graded adversely affecting the Defence works. The witness suggested that the Director General of Supplies and Disposals should finalise the rate contract for re-rolling of billets and then given them to the Chief Engineers instead of every Chief Engineer separately entering into a contract for re-rolling. If this was done centrally by the Ministry of Defence, it would be cheaper.

3.53 The Committee desired to know the present system of inventory control of essential commodities like cement, steel and bitumen etc. Defence Secretary stated that under the present system cement was demanded quarterly based on the work load of each zone and allocated depending on the quota given to the Defence Ministry by the Ministry of Industry. A task force of officers from the Cement Controller's office, DGS & D, Railway Board met every month to review the bottleneck in production and transport and tried to find out solutions. For steel, quarterly demands were placed on the OSD steel at Calcutta based on sanctioned works. The DPC

allotted the available items against these demands. Firm demands were placed thereafter. Where steel was not forthcoming Zonal Chief Engineer resorted to local purchase. Monitoring was done by frequent liaison, visits to factories, railway and transport agencies in order to expedite movement and avoid hold-ups. In case of bitumen MES formations placed supply orders on refineries against rate contract fixed by DGS & D. These demands were based on sanctioned works. Railway priorities were provided for dispatch of bitumen.

3.54 During evidence, Defence Secretary informed the Committee that MES ran through periods of shortages of different items from time to time. To the best of its ability, the MES did resort to stocking of materials. They had a priority in movement, but things always did not happen on the lines laid down in different rules and regulations. The witness added that unforeseen situation like natural calamities, shortage of materials, lack of movement, strikes, load shedding occurred from time to time and it was difficult to organise things to prevent them.

#### *Compensation for delay*

3.55 It was represented to the Committee that in case of delays for which the Department is responsible, the contractor should be paid compensation. Asked about the Ministry's reaction, the Engineer-in-Chief stated that the Department was not allowed to give the contractor any compensation for delays, apart from extension of time. The witness expressed the view that "it is only fair if some kind of escalation cost is introduced. But it should be specific rather than leaving a discretionary amount that is to be fixed."

#### *Supplies in Remote Areas*

3.56 It was represented to the Committee that there was an urgent need to streamline the allocations and movements of cement in areas like Kashmir, where the problem became manifold due to long road transportation, inadequate transport and vagaries of weather combined with restricted working reason.

3.57 During evidence Defence Secretary stated that at present the requirements of cement of the North-Western region were allotted generally from the factories located in Rajasthan, Madhya Pradesh, Orissa and sometimes from South because enough cement was not being produced by the factories located in North. There were depots at Pathankot, Srinagar designed to hold buffer stock to overcome logistic problem and irregular supply. However in view

of the present shortage of cement, it had not been found possible to build very large stocks in these parts. In respect of the Northern region of J & K, there was a further problem of road transport and in the North-Eastern region they were faced with the problem of wagon movement across Farraka barrage. The transportation of cement faced the problem of weather conditions.

### *Separate Cement Factory*

3.58 A suggestion was made that in regions like Northern and Eastern regions where requirements of cement for MES works were sizeable, new cement factories in these regions should be exclusively earmarked for meeting MES requirements. During evidence, former Engineer-in-Chief held the view that factory for this purpose could be run by Director-General, Ordnance Factories. During his evidence Defence Secretary stated that the Industry Ministry had initiated proposals for increasing production of cement and same factories were coming up. Government were not in favour of each organisation having its own cement factories. Asked if it would not be useful from strategic point of view to set up a separate factory in North West region to meet the requirements of MES. The witness stated that they were not certain whether this would be of advantage. He, however, assured that "We will certainly look into it. We will also consult the Ministry of Industries."

### *Local Purchase*

3.59 It was represented to the Committee that powers for local purchase of construction material in times of urgency should be increased. During evidence, the Defence Secretary stated that the powers had been revised and fresh orders had been issued on 9th December, 1981.

3.60 It was brought to the Committee's notice that stores ordered against DGS & D rate contract took considerable time to be delivered by the manufacturers. At present the powers of Engineer officers for direct procurement of stores, which were in DGS & D rate contract, were limited to Rs. 2,000/-. This tended to cause considerable delay in completion of works. It was suggested that the financial powers for direct procurement of items available on rate contract be enhanced to Rs. 10,000/. During evidence the Defence Secretary informed the Committee "we have proposals under consideration for revising rate contract."

**(D) *Missuse of Materials***

3.61 The Committee desired to be furnished with statement indicating the number of cases in which misuse and leakage of material was detected during the last 3 years and the action taken against the contractors and staff.

3.62 In a written reply the Ministry stated that misuse and leakage of material was detected, in 4 cases. In these cases issue of tenders to the contractors was banned. In two cases disciplinary action was taken against MES staff. In one case the inquiry against MES staff was stated to be in progress.

3.63 It was suggested in a memorandum to the Committee that issue rates of material supplied to the contractors should be frequently revised and brought at par with the market rates from time to time to discourage pilferage or misappropriation of stores by contractors.

3.64 In a written reply, the Ministry stated that Stores under Schedule 'B' of Contracts are issued at rates given in the standard schedule of rates. To discourage pilferage or misappropriation of Stores, there exist a provision in the conditions of Contract that the recovery for such Stores shall be made at double the issue rate. A proposal for effecting recovery for such stores at double the market rates/issue rates, whichever is higher, is under consideration of Government.

3.65 It was suggested by a non-official that issue of materials to contractor by the Department should be on weekly basis and should be properly accounted for. Should any misuse be attempted by the contractor he should be black-listed as a deterrent measure.

3.66 Defence Secretary stated during evidence that there was no uniform schedule laid down at the moment. MES normally issued to materials to cater for the requirements of a fortnight, to ensure smooth progress of work and also prevent misuse of materials. In specific cases like issue of steel for prefabrication, it was issued for a longer period. Deterrent action was taken against contractors found misusing them. It was pointed out that some contractors had complained during tour of Study Group that certain contractors were favoured by the officers in supply of materials. When it was suggested that in order to avoid any malpractices and criticism in

this regard, some question of fixing some norms should be examined the witness replied "We will do that."

*(E) Association of Border Roads Organisation with MES*

3.67 It was suggested to the Committee that the Border Roads Organisation which had a spare capacity could be associated with MES for undertaking works in forward and remote areas under the control of Engineer-in-Chief.

3.68 It was brought to the notice of the Committee during tour that in the Northern Zone (Srinagar), there was shortage of 'S' class contractors, the situation being more serious in the remote areas of Ladakh. It was suggested that to meet the situation, units of Border Roads Task Force (BRIF) should be inducted along with MES in remote areas.

3.69 The Committee asked if it was feasible to carry out works in remote areas by regular induction of Border Roads Task Force with MES under the Control of E-in-C. In a written reply, the Ministry of Defence stated that:—

"Border Roads Organisation had already been entrusted with certain concentrated works like TENGA VALLEY construction, certain works in remote areas like Ladakh and Nicobar Islands and also maintenance of roads in certain areas in Rajasthan. The role of Border Roads is entirely different to that of MES. They maintain the line of communication in time of war while in peace their work is construction and maintenance of border roads. Construction of Building works are also being entrusted to them from time to time to exploit their potential, particularly in remote areas where contractors are not interested in quoting and induction of MES civilian labour become difficult."

3.70 During evidence before the Committee a former Engineer-in-Chief stated that the Border Roads Organisation had spare capacity because it had almost finished its main strategic jobs. It was now on smaller jobs and on maintenance. In his opinion Border Road Organisation (BRO) were best suited for helping the MES but under the technical control of MES.

The witness added that BRO should retain a separate identity but it could be controlled by Engineer-in-Chief who could use it to the best technical and strategic advantage.

3.71 During evidence, the Secretary Ministry of Defence stated that "the Border Roads Organisation's administrative system and the MES administrative system are two separate things. I would hesitate to suggest that units from one should be inducted and placed under the charge of another. But in civil contract, we always have the system of sub-contractors. It is my view, that, wherever there are difficulties in the availability of contractors, it should be possible to consider using one or the other on a sub-contracting basis."

#### (F) *Economy-cum--efficiency Measures*

3.72 It has been stated by the Ministry that MES works are processed with a view to provide economical construction without sacrificing quality. Constant review of specifications is carried out to effect economy without impairing the normal functions and safety of the building. The specifications are supplemented with the latest knowledge in the field of building materials and technique.

3.73 During evidence before the Committee a former Engineer-in-Chief expressed the view that a modern and economical method of large scale construction these days was pre-fabrication with mechanical handling. The witness suggested that to meet the shortage of accommodation in the country including Defence requirements, "we have to go in for factories which will pre-fabricate and then mechanised methods could be used to construct houses. This will be the best way of tackling our housing problem." The witness added that even contractors would be prepared to pre-fabricate.

Another Former Engineer-in-Chief stated that the system of going in for pre-fabricated structures was recommended in a separate chapter in the National Building Code, 1970. But the Industry as a whole and the Government Departments had not adopted it so far because of the business of "going in for the lowest tender." A different contract system was required under the scheme of pre-fabricated structures.



3.74 During evidence before the Committee, a former Engineer-in-Chief stated that due to general apathy of Government administration, very little action had been taken on the report on the economics in construction cost published by the Planning Commission in 1968. This was a general report for the country as a whole and not for NES particularly. Only half a dozen recommendation had been implemented by the Government.

3.75 The Engineer-in-Chief during evidence that the agencies from which they derived the latest techniques of construction and designs were all the national laboratories with whom they kept a very close touch and constant liaison and the designs which these agencies give were implemented. by way of example he mentioned a few items incorporated by the Deptt. such as RCC shell roofs with much lesser techniques had been extensively used in Chandigarh, Kanpur and other factories. Pre-cast flooring and roofing units designed by the Central Building Research Institute had been used in Bhatinda. Pozzolane cement was used to restrict the use of ordinary conventional cement because of the shortage. In places like Rajasthan and particularly at places having lots of white-ants, they were using pre-cost RCC frames for doors. In black cotton soil, areas like Deccan Plateau, they were using under reamed pills designed by CBRI. In Andaman & Nicobar Islands they used tubular structure. With regard to use of prefab material, the witness stated that Tenga valley in Arunachal Pradesh due to lack of local expertise and material, the whole project was designed on the basis of pre-fab material. The witness stated that the Tenga Velly Arunachal Pradesh due to lack of local expertise and material, the whole project, was designed on the basis of pre-fab material. The witness added that normally it was more economical to build pre-fab material at the site, as the procurement of the finished pre-fabricated material would involve transportation cost. Both these factors had to be balanced.

3.76. During evidence the Committee draw the attention to the quality of bricks used in MES works in Hyderabad which did not appear to be satisfactory. The E-In-C stated "we try to follow the general policy. If in implementation the executive has failed, we will take action." The witness agreed to depute an officer to see if quality of bricks available in Hyderabad could be improved.

3.77. The Committee find that out of 960 works completed during the period 1976-77 to 1980-81, 148 works were delayed by 1-2 years and 56 works were delayed for over 3 years 246 other works were delayed for six months to one year. The reasons for delay are stated to be late handing over of sites, additional works, escalation in

cost, revision of plans and changes in scope and specifications, non-availability of building material and delay due to finance concurrence. The Committee feel that some of the factors responsible for delay are certainly not beyond the control of MES. the Committee suggest that a selective review of delayed works should be made by the Ministry independently to determine as to whether and if so which of the reasons for delay were avoidable as that it can take remedial measures to avoid similar slippages in the works in future.

3.78 The Committee are concerned to learn that State Governments have not readily released land required for Defence works without the personal intervention of the highest authorities of the Central Government. Though instructions exist that a tender will not be accepted until the site for work is available, MES in its anxiety to commence work to meet the urgent requirements of the users sometimes goes ahead with the acceptance of contract in the hope that the site would become available in due course of time. The Committee feel that availability of land for a work should normally be a condition precedent to the issue of sanction for that work. Unless this is done, the question of acquisition of site for the work may not be viewed with as much urgency as it would otherwise be.

(S. No. 31)

3.79 The Ministry has admitted that there is a lot of interference from the users and the MES frequently accepts changes in scope and specifications suggested by the users in the course of execution of the works which cause delays in execution. The Ministry has also admitted that local Commanders an exert a certain amount of pressure on MES executives to accept certain changes. In the Committee's opinion changes in the scope and specifications after commencement of works can be avoided to a considerable extent if a thorough discussion is held by MES with the users well before the tender action is initiated. In order to minimise interference by local commanders in the course of execution of works, the Ministry may consider laying down a procedure that changes in scope or specifications in works under execution would not be entertained unless these are routed through and approved by the Command Headquarters and E-in-C's Branch.

(S. No. 32)

3.80 Even though instructions have been issued that the changes in the works wherever required should be conveyed to the contractor in writing together with the manner of pricing, it appears from the memoranda received by the Committee from contractors that changes

are either not ordered in writing or written instructions to this effect are issued after a long time resulting in delays in execution and loss to contractors. It is unfortunate that the instructions issued by the Ministry in this regard are not being observed by MES field formations scrupulously. The Committee would like the Ministry to take serious notice of such infringements and not allow any disregard of its instructions in this regard at any level. If ever in an emergency verbal instructions have to be issued for inescapable reasons to effecting certain changes in the work under execution, these should invariably be followed in writing within a specified period.

(S. No. 33)

3.81 From the Ministry's reply it is clear that there have been deviations in almost all contracts for works done by MES. This shows that the phenomenon of deviations is not an exception that has become a routine feature of MES works. This betrays poor planning and inadequate preparation for embarking upon a construction project not only on the part of MES but also user authorities. At present instructions have failed to inculcate a sense of seriousness among user authorities in finalising their requirements comprehensively and exactly before commencement of works, the Ministry need to review the present system with a view to identifying loopholes and plugging them effectively.

(S. No. 34)

3.82 The Committee take note of the E-in-C's statement that even though time limit as laid down for issuing deviation orders in writing is six weeks, sometimes more time is taken for certain reasons. The Committee would like that random and critical studies of the deviation orders issued by MES should be made at the Headquarters on a regular basis to determine whether the time taken in issuing deviation orders conforms to the instructions laid down in this regard and if not how far the factors responsible for delay were unavoidable. These studies would help the Ministry to take remedial action for the future.

(S. No. 35)

3.83 It has been represented to the Committee that whenever changes in scope or specifications involve works which are beneficial to contractors, the revisions are not ordered as formal "deviations", but where the contractor stands to lose as a result of changes, these are "ordered" as necessary. This is unfair. The MES should in fairness to contractors follow instructions issued by the Ministry in this regard and should desist from taking undue advantage of the contractors' dependence on its goodwill.

(S. No. 36)

3.84 The Ministry has stated that norms of timings for execution of works have been fixed by MES and are normally followed. But, according to contractors, realistic period for completing a work is not provided under pressure from users. Undue haste in construction even under pressure is likely to affect the quality of construction. There is no point in fixing a time table for construction which is not reasonable and which does not take into account the delays which may occur in the timely receipt of construction materials and on which the contractors may have no control. The Committee would like the Ministry to review the norms of timings laid down for various types of projects and fix them at reasonable levels which should also take into account the time to be taken in getting construction materials. Adequate time frame is not only necessary for the contractor but is also desirable to ensure good quality construction.

(S. No. 37)

3.85 The Committee take note of the various arrangements made by the Ministry for monitoring the progress of works. The progress of works is through modern methods not only in physical terms but also financial terms through quarterly reports. Besides the Ministry reviews progress of important and high value project at quarterly meetings. The Committee hope that monitoring at all levels is followed-up by effective measures to remove obstacles that may be found holding up progress of works.

(S. No. 38)

3.86 There is weight in the suggestion made by a former E-in-C that the site executives should be given powers to take quick decision on the spot to solve day-to-day problems in order to curtail delays in construction and the higher authorities should fully support them in such decisions. The Committee would commend this suggestion for the consideration of the Ministry.

(S. No. 39)

3.87 The Committee take note of the various measures taken by the Ministry to ensure adequate and timely supply of various construction materials particularly cement and steel. The Committee cannot overemphasise the need for keeping a constant watch on the supply position of construction materials and taking every possible measure to procure them in time to avoid delays in execution of works.

(S. No. 40)

3.88 Building of sufficient reserve stocks of construction materials has been suggested by constructors to tide over disruption or delay in supplies from normal sources with a view to avoiding hold-

ups of works on this account. The rule of thumb suggested by a former E-in-C that "when you go for tenders you should have 50 per cent sources at site and 50 in sight" is of great practical advantage. The Ministry agrees and has issued instructions that efforts should be made to procure materials required to be issued by the Department ahead of conclusion of contract; but it does not consider it desirable to stockpile the entire requirement of materials prior to commencement of work. While stockpiling of the entire requirement of materials before commencement of works is certainly not desirable, it will decidedly be a great practical advantage if MES builds up buffer stocks of scarce construction materials such as cement and steel to avoid disruption of construction activity in times of temporary shortages. The Committee would advise the Ministry to consider building up such buffer-stocks at strategic places. (S. No. 41)

3.89 MES is now accepting steel billets from the suppliers and having them re-rolled under its own arrangements through private re-rollers. The Committee agrees with the suggestion that, instead of every Chief Engineer separately entering into a contract for re-rolling of billets, a rate contract for re-rolling should be finalised by the Ministry at national level directly or through the Director General of Supplies and Disposals. This will ensure economy and speed in getting such jobs done. (S. No. 42)

3.90 In case of delays in completing works for which MES organisation is responsible the Department can grant extension of time to complete the job but is not allowed to pay compensation. The Committee feel that more extension is not an adequate relief. They feel that a suitable escalation clause should be provided in the contract to compensate contractor for such delays. (S. No. 43)

3.91 The position regarding supply of cement to J & K in Northern region and remote places in North Eastern Region is generally difficult due to long road transportation and vagaries of weather conditions combined with restricted working seasons. Despite its efforts to hold buffer stocks of cement at Pathankot, and Srinagar to overcome the problems of logistics and irregular supplies to MES works in J & K, the Ministry has not been able to build very large stocks of these due to general shortage of cement. These are constraints of road and rail transport for making supplies to Northern Region and North-Eastern Region. Defence Secretary was however not sure whether setting up of cement factories by MES or earmarking the existing or new cement factories in these regions exclusively for meeting MES requirements would be of advantage. Government, it was stated, was not in favour of each organisation

having its own cement factories. The Committee would suggest that the Ministry of Defence should examine in consultation with the Ministry of Industry, the feasibility of setting up cement factories under Defence Ministry or earmarking new or existing cement factories exclusively to meet the requirement of Defence works.

3.92 The Committee are glad to note that the Ministry has realised the need to revise upward the powers for local purchases of construction materials in times of urgency and has issued necessary orders in this regard in December, 1981. The Ministry is also considering a proposal for revising limits of powers of engineer officers for direct procurement of stores which are on DGS&D rate contract. The present limit of Rs. 2000 in this case is too low to be of much help. This should be raised adequately. (S. No. 44)

3.93 Misuse and leakage of materials were detected by MES in four cases during the last three years. Issue of tenders to the contractors concerned in these cases was banned as a punishment and disciplinary action was taken against the MES staff concerned. To discourage pilferage or misappropriation of stores, terms of contract provide that recovery for such stores shall be made at double the issue rate. The Committee welcome the proposal under the consideration of Government that recovery for such stores should be made at double the market rate issue rate whichever is higher and would like it to be finalised expeditiously. They would also like deterrent action to be taken against the MES staff found guilty in allowing misuse or leakage of construction materials. (S. No. 45)

3.94 The Committee note that there is no uniform schedule laid down at present in regard to the frequency at which stores are to be issued to contractors by MES. In order to prevent the possibility of discrimination for or against any contractor, the Committee recommend laying down of norms in regard to the periodicity at which stores should be issued to the contractors. (S. No. 46)

3.95 The Committee take note of the view of a former Engineer-in-Chief that Border Roads organisation has spare capacity at present because, having almost finished its also strategic jobs, it has now only smaller jobs and maintenance works to attend to—The Committee are not in a position to pass judgement on this view. They would suggest to the Ministry of Defence to bring the matter to the notice of the administrative Ministry concerned for an in-depth study of the capacity of BRO vis-a-vis the tasks assigned to it.

3.96 There is weight in the suggestion made to the Committee that in forward and remote areas where competent contractors do not come forward to accept works, units of Border Road Task Force should be inducted along with the MES to undertake construction projects there. The Committee learn that Border Road Organisation has in the past carried out a number of projects for MES in difficult and remote areas. Defence Secretary is, however, of the view that whenever there are difficulties in the availability of contractors, it should be possible to consider using one or the other organisation on a sub-contracting basis. The Committee welcome this approach and would like the Ministry to evolve a suitable working arrangement between the BRO & MES. (S. No. 47)

3.97 Use of pre-fabricated and tubular structures has been recommended by experts for expeditious execution of projects in remote areas, in particular. The Committee are told that MES is already making use of pre-fabricated material and tubular structures in its works. MES is however of the view that the use of pre-fabricated material is cost effective only if the pre-fabrication is done nearest to the project site. The Committee learn that the Planning Commission had brought out a report on the economics in construction cost in 1968 and the National Building Code (1970) has also dealt with the use of pre-fabricated material in construction projects. The Committee would like the Ministry to study the possibilities of use of pre-fabricated and tubular structures for Defence works in the light of studies already made in this field in the past and see how far such methods of construction can be made use of in MES works not only to speed up construction in remote areas but also effect economies in construction costs. (S. N. 48)

3.98 The Committee expect that the report of enquiry into the quality of bricks used in Defence works in Hyderabad would be furnished to the Committee at the earliest. (S. No. 49)

#### (G) Maintenance Works

3.99 It was stated in a memorandum that "There has been some difficulty in obtaining maintenance funds which are based on a percentage of book value. This system has been unrealistic due to very low value of buildings some of which are now more than 100 years old, and the steep rise in the cost of labour and building materials or diminishing value of the rupee. There is a need to review this system and provide maintenance funds on rational basis which could be the replacement cost irrespective of the year

of construction. The funds according to present norms are not sufficient even for white washing. National assets, therefore, deteriorate. New norms should be evolved in consultation with CPWD/Railways. Norms must be essentially related to escalation from time to time."

3.100 The Ministry admitted that the statement in the memorandum is factually correct. Scales for schedule of demand of maintenance funds based on the capital value of assets like buildings, roads and other services were laid down in 1951. These were revised in 1975. As defence assets are of second World War or even earlier vintage whose capital book values are very low, naturally the maintenance funds allotted based on their capital value happen to be extremely meagre particularly in view of the increasing prices/wages. In order to convert the norms to a more scientific basis, the same was delinked by CPWD from the original capital value of the assets and is now based on the plinth areas/paved areas of buildings/roads, which remain constant. Depending on prevailing price level a judicious amount of maintenance grant per sq. meter of Plinth/Paved area of building/roads is allowed subject to revision every 2 years. While this basis is for normal buildings, VIP buildings like Rashtrapati Bhavan/PM residence are allotted funds on "as required" basis. Different type of buildings like residential/office/hospitals have different values of grant. CPWD adopted this as an experimental measure in 1978 and on review during 1980, these have been approved to continue.

3.101 During evidence before the Committee, former Engineers-in-Chief stated that the present system of obtaining maintenance funds based on the percentage of book value was unrealistic due to very low value of buildings, some of which were now more than 100 year old, and due to steep rise in the cost of labour and building materials. The witnesses suggested that the maintenance funds should be provided on the basis of replacement cost. Under this method the capital cost is worked out based on the actual amount required to construct the building at present.

3.102 During evidence before the Committee, Defence Secretary stated that "Earlier the maintenance grant was based on the original completion cost of the building. CPWD were also following a similar system. But they have recently switched over to a new system based on plinth area and types of buildings. At MES also we had under consideration a similar proposal. We have now accepted it and orders have been issued on 3rd December, 1981 following the CPWD pattern. Some buildings which require addi-



tional maintenance in any particular year are given extra attention depending on the requirements.”

3.103 It was represent in a Memorandum that “there is a tendency amongst MES Officers to disregard the maintenance works unless it is required for the VIPs. In fact the maintenance has become highly VIP oriented. A separate account be kept for expenditure on maintenance of VIPs residences and officers in authority and their offices as well as officers MES and such like structures to curb the tendency of over expenditure on VIPs, Senior Officers and the Offices in position.”

3.104 The Ministry of Defence admitted that “certain amount of priority naturally goes to the prestigious buildings and VIP residences as happens in any other Engineering Department dealing with similar assets. These however are nominal and there is no question of neglect of other assets in their maintenance by MES officers in view of well established procedures and inspections.”

The Ministry added that No separate account is maintained for VIP/other buildings as firstly such distinctions are not authorised and secondly it would be difficult to maintain accounts in respect of individual buildings. Deterioration on all buildings is not similar as they depend on many factors. Hence some buildings require heavier maintenance in a particular year than others. Hence the Ministry we feel that maintaining separate accounts for different types of buildings are not considered necessary.

### *Repairs*

3.105 It was brought to the Committee's notice that petty works costing upto Rs. 400/- are presently treated as repairs at the discretion of CWEs. The financial power was laid down almost fifty years ago. This amount is highly inadequate to complete even a very small work due to increase in the cost of materials and labour. It was suggested that all original works costing upto Rs. 2,500/- be treated as repairs (chargeable maintenance grant) at the discretion of CWE. The Ministry of Defence has informed the Committee that Government has issued orders on 11 December, 1981 to the effect that petty works costing up to Rs. 2,500, instead of Rs. 400 may at the discretion of the CWE be treated as Repairs. The CWE may delegate all or portion of his powers to GEs or outstation AEEs by name.

*Departmentally Employed Labour*

3.106 It was suggested in a memorandum that the remedy for the uneconomic maintenance was to abolish all DEL (Daily Employed Labour) in MES. It was also suggested that old pre-war practice of term contracts for all works should be revived.

3.107 It was stated in the memorandum that a sizeable portion of DEL was used for unauthorised works and periodical services. No records of DEL were kept. There was also a large scale misappropriation of materials.

It was stated in another memorandum that maintenance by DEL (Daily Employed Labour) is prohibitively expensive, as it is impossible to get reasonable quantity of work out of labour even with sustained and close supervision. The labourer just idles away his time and wastes materials.

3.108 The Ministry stated in a written reply that generally speaking MES departmental labour are employed on scattered and non-measurable work like attending to repairs to essential services like electric/water supply, patch repairs to floor, plaster and joinery. Identifiable and measurable work is ordered on term contracts which are concluded yearly. In view of the distances involved in scattered cantts, their productivity is further reduced because of lack of transport facilities and close supervision, which often is not possible in such cases. Proposals like providing accommodation to certain Key personnel near their place/area of work and manually powered cycle rickshaw-wagons would improve the situation.

In another memorandum it was stated that there was leakage and adulteration of materials when works are executed by Daily Employed Labour.

3.109 Denying this report, the Ministry stated that "the quantities of stores issued on individual jobs are very little, leaving negligible scope of leakage/adulteration. It is also not practical or economical to depute superior staff to watch their work in each and every case." the Ministry added that "the MES did have a system of job card on which the job to be carried out was mentioned along with stores issued. Usually on completion a certificate is obtained from the user. Under the circumstances, we feel that this procedure is adequate to ensure reasonable precaution."

3.110 At the Committee's instance the Ministry furnished the following at the information regarding budget provisions for DEL during the last 3 years:—

	Budget Provision	Expenditure
		(Rs. in lakh)
1978-79	9052.05	3116.68 (34.43%)
1979-80	10083.57	3273.35 (32.46%)
1980-81	11785.35	3637.24 (30.86%)

3.111 A former Chief Engineer during evidence before the Committee stated:—

“The disadvantage of DEL is that its efficiency is very low. Labour cost is high. There is wastage of material; non-accountability of work done or material used. Control of individual labourer is just impossible. The wages of a skilled labour in the market are high. For specialised works we require highly skilled technicians. They are not within the pay-scales prescribed in the MES. These are the disadvantages, advantages: “No payment for idle labour and no continuous site supervision; all works are measured, and paid for and it is difficult to execute, unauthorised work.”

3.112 Asked if the Chief Engineer had no control over the DEL, the witness stated “Chief Engineer has control no doubt but he has to implement orders from higher authorities regarding their continued employment.” Asked to suggest a solution to the problem, witness stated that the Department “Will have to introduce term contract and eliminate daily labour. It was done during pre-war period also. There was far less misappropriation of material and labour.”

3.113 During his evidence before the Committee, the Defence Secretary stated that “Maintenance works consist of works carried out by three agencies-periodical repairs by competitive open tendering system, maintenance involving normal repairs to buildings and installations by term contractors and petty day-to-day repairs by DEL. We need DEL for works which are petty but urgent. DEL work being limited to petty work does not involve use of large

quantities of material and hence does not offer much scope for misuse. The material issued daily is checked by the supervisor against the work carried out which is acknowledged in writing by the user. For the present, this is considered adequate”.

**3.114** The Committee find that until recently funds required for maintenance of buildings by MES were based on the capital value of the assets. As the Defence assets are of Second World War or even earlier vintage whose capital book-values are very low, the maintenance funds allotted based on their capital value were found to be extremely meagre in view of the increasing prices/wages. The Committee note that though belatedly, the Ministry had decided (Dec. 1981), a short while before appearing before the Committee for tendering evidence, to follow the system in vogue in CPWD under which the maintenance funds will no longer be linked with capital value of assets; these will now be linked with plinth area/paved area in the case of normal buildings etc. and a judicious amount of maintenance grant per sq. metre of plinth/paved area depending on prevailing price level would be granted. Buildings requiring additional maintenance would be given extra attention depending on requirements.

**3.115** There is a general feeling that the MES officers have a tendency to pay more attention to VIP buildings at the cost of other buildings. The Ministry has admitted that certain amount of priority is given to the prestigious buildings and VIP residences as happens in any other Engineering Department dealing with similar assets. But according to the Ministry there is no question of neglect of other assets. Now when the MES has decided to follow the CPWD pattern under which maintenance funds for VIP assets will be allotted on “as required” basis, the Committee do not wish to go into the past attitude of MES formations in this context. They would like that, at least from now onwards, the occupants of normal buildings should not be given any cause of complaint on this account and the maintenance of such buildings should in no circumstances be neglected to show preferential attention to VIP buildings at the cost of the other buildings.

(S. No. 50)

**3.116** The Committee note that in the case of petty works also, though belatedly, the Ministry has issued orders (Dec. 1981) to the effect that petty works costing upto Rs. 25,000 instead of Rs. 400 as hitherto fore, may at the discretion of the Commander Works Engineer be treated as “repairs”. The CWE can delegate this power to lower officers also. The Committee welcome the upward revision

of this limit which was overdue in view of the rise in prices.

(S. No. 51)

3.117 Misuse of daily employed labour (DEL) has been brought to the notice of the Committee. It has been stated in a number of memoranda that there is leakage and adulteration of material in the works executed by DEL. Maintenance of assets under DEL system is expensive because of lack of supervision and low output. A portion of DEL it stated, is used for unauthorised works and services.

3.118 The Ministry has stated that MES uses DEL for petty but urgent repairs and maintenance works and that there is not much scope for misuse of material under this system. The Committee do not agree with the Ministry. They feel that fears of misappropriation of materials and high cost of maintenance/repairs under DEL system cannot be held to be entirely baseless. The Committee would like that the system of employing DEL for attending to repairs or petty maintenance should be replaced by term contract system at the earliest and the use of DEL should, if at all unavoidable be resorted to only in exceptional circumstances. The Committee would like to be apprised of the action taken in this regard. (S. No. 52)

3.119 The Committee find that as against budget provision of approximately Rs. 90 crores in 1978-79, Rs. 100 crores in 1979-80, and Rs. 117 crores in 1980-81 for DEL, MES spent Rs. 31 crores, Rs. 32 crores and Rs. 36 crores on DEL during these 3 years respectively. From this it is clear that apart from the expenditure on this system being high, the budgeting by MES for this service has been very loose and high amounts appear to have been provided in the budget from year to year without adequate basis. This should stop. The Ministry should ensure that the budget allocation are worked out more realistically. (S. No. 53)

## CHAPTER IV

### INSPECTION AND VIGILANCE

#### (A) *Inspection and Technical Examination of Works*

4.1 MES works are executed under the technical supervision of the Engineer-in-charge who may be an officer of the rank of Assistant Executive Engineer or Assistant Engineer assisted by upto grade I and Supdt. grade II. The GE inspects the work off and on. Important and prestigious works are inspected at frequent intervals. The CWE and the CE also carry out inspection of works from time to time.

4.2 There is another organisation under the Control of OMG, viz., the Chief Technical Examination (CTE) organisation. This organisation also carries out test checks of selected items of works to verify whether the works have been executed as per Contract Specification or not.

4.3 As a result of inspection carried out, if sub-standard workmanship or material is found, these are rejected if the stage of work so permits. In some cases recoveries are resorted to in respect of sub-standard materials.

4.4 It was stated in a memorandum that Inspection and supervision of work was not adequate, mainly due to vast increase in paper work. There was more emphasis on paper work being correct rather than work being satisfactory.

4.5 In a written reply, the Ministry of Defence stated that "over the years, this phenomenon of increased paper work has over taken not only the MES but also all Departments. The reason for this is two fold. On the one hand the departments have become very large with a wide span of control, (physical as well as administrative) without decentralisation. The need to furnish data at short notice for different purposes at frequent intervals of Parliamentary, Ministerials, financial authority and other high level and *ad-hoc* authorities has increased manifold over the years after independence. It has had a perceptible adverse effect on executive functions particularly at lower levels of supervision, as no separate staff is available for such necessities which has become almost a constant feature.

4.6 It was suggested in a memorandum to the Committee that the number of Supervisory staff should be reduced. Only one Engineer Incharge under Garrison Engineer should supervise the work as done by Architect. This has the biggest advantage of minimising the corruption which ultimately result in less expenditure on the project.

4.7 Asked about the strengthening of the present system of inspections, a former Engineer-in-chief expressed the view "I do not know how much more you can strengthen the inspection organisation. I think that is more then enough."

4.8 In a written reply, the Ministry of Defence stated:

"An AGE has to control a number of works running concurrently and for most of the works costing above Rs. 1 lakh there will be only one Supdt. Gde. II for daily supervision. For larger works there may be Supdt. Gde. I with a grade II under him. With the number of records to be maintained at each site which is obligatory under the terms of the C.A., scope of reduction is hardly perceptible unless these are reduced. Further supervisory staff are also required to detail maintenance parties and monitor and check completion of their work."

4.9 Asked if any review or work study of the supervisory staff had been made and whether any norms had been laid down, the Ministry, stated that a work study was in progress covering this aspect and the report was expected in the next few months.

#### *Frequency of inspection*

4.10 It was stated in a memorandum to the Committee that:

"There is over inspection especially by the Command Chief Engineer who has nothing to contribute and his visit dislocates the work. Visit of Technical Examiner should also be regulated and they should be encouraged to examine the work during construction as far as possible and not too frequent visits at particular site alone. Their role should be treated as preventive and their efficiency not judged by the recoveries instituted, as is the case at present. In fact in many cases TEs, just to boost up their figures, insist on recoveries which are not sustained in arbitration."

4.11 In a written reply, the Ministry stated that:

“Neither the Command CEs nor TEs interfere or stop the work of the contractor. In fact the Charter of the Technical Examiner clearly lays down that he is to be divorced from all direct contracts with the contractor. The special attention that visiting dignitaries get is from the MES Staff and perhaps in some cases the Contractor himself and some of his staff, while the work is expected to be carried on by the Labour force without interruption. The policy of checking works by TE is laid down by the CTE and in doing so their aim is to check works as far as possible during construction or within maintenance period and also to spread out their checks to more works more contracts than checking the work again and again. Certain prestigious works however, are checked more than once in different stages by the CTE Organisation, sometimes to verify that defects earlier pointed out were rectified/not repeated. It is agreed that their role should be preventive by way of pointing out and corrective actions where necessary instructions are being issued in this regard. It is also agreed that their performance should not be judged by the amount of over payments deducted. However, TEs cannot boost up and enforce recoveries unless what they point out as recoveries due is also agreed by MES.”

“Commanders also visit works often and thus dislocate the normal work.”

(B) *Technical Examination and Arbitration*

4.12 A non-official stated during evidence that Technical Examiners boosted their figures and “are indulging in recover which they cannot sustain. In fact, in certain cases they have created arbitration and contractors have made certain other claims; besides these recoveries have been rejected in-toto.”

4.13 The Committee desired to know from the Ministry the number of cases in which recoveries ordered as a result of technical examination were referred to arbitration during the last 3 years and the number of such cases which had been decided in favour of the Contractor.



The Ministry, furnished the following information:

No. of contracts where recoveries based on TEs' observations referred to Arbitration and decided	No. of cases decided in favour of contractor	Amount claimed based on TEs' observations	Amount awarded in favour of contractors
		(Rs. in lakhs)	
167	137	56.82	49.07

### *Results of Technical Examination*

4.14 The Ministry had stated that the Chief Technical Examiner's Organisation carries out test checks of selected items of work to verify whether the works have been executed as per contract specifications or not. Approximately 10 to 15 per cent of works in progress/completed are technically examined by the CTE organisation.

The following table shows the number of works technically examined during the last 5 years and the follow-up action taken:—

S.No.	Year	No. of works examined	Amount of works examined in lakhs	No. of works in which sub-standard material is used	Amount of recovery in lakhs	Amount of works executed in lakhs	Percentage				
							Cols. 3&5	Cols. 7&4	Cols. 4&6	Cols. 6&7	
1	2	3	4	5	6	7	8	9	10	11	
							(a)	(b)	(c)	(d)	
1	1976-77	.	989	7836.41	566	10.57	27000.00	57%	29%	0.13%	0.04%
2	1977-78	.	1048	9255.63	533	64.36	28300.00	53%	32%	0.70%	0.23%
3	1978-79	.	1049	10021.25	604	15.57	32500.00	58%	31%	0.19%	0.05%
4	1979-80	.	1111	10091.32	681	18.68	35600.00	61%	28%	0.19%	0.05%
5	1980-81	.	1537	15647.51	976	17.06	39200.00	63%	40%	0.11%	0.04%

% (a) Numbers—sub-standard Vs Examined;

(b) Amount—Examined Vs. Executed

(c) Amount—Recoveries Vs. Examined

(d) Amount—Recoveries Vs. Executed

4.15 When the Committee pointed out that in more than 50 per cent of the works examined during 1976-77 to 1980-81 sub-standard material was found to have been used and the percentage was on the increase. The E-in-C stated that "position is not alarming" if the percentage of the amounts of recoveries to the cost of works examined were considered. Only in 1977-78, the percentage of the amount of recoveries was higher (0.70 per cent). Asked if the percentage of works examined needed to be revised upward from the present 10—15 per cent, the witness replied that during 1980-81, the total cost of the works executed was Rs. 392 crores and cost of works examined was Rs. 156 crores which worked out to 40 per cent. The Committee asked whether in view of the fact that technical examiner at present did not examine all the works, it was not necessary to strengthen the present system to cover more works and to improve efficiency, the E-in-C replied "As E-in-C, I would naturally be unhappy if there is sub-standard work. There is sub-standard work and the only way to overcome this difficulty is to tighten up supervision".

#### *Timing of inspection*

4.16 In a memorandum to the Committee it was stated that "technical examination should cease to be a never ending affair. All technical examinations should be completed before the defect liability period is over MES Supervisory Staff should also be responsible in case technical examiner raises recover against completed and accepted works."

4.17 Even the MES officers, whom the Committee met during tours were of the views that technical examinations should be held mostly during the execution of works so that these could help correct the mistakes before it was too late.

4.18 In a written reply, the Ministry stated that "the policy of CTEs, organisation for checking works during the progress of work and or after completion within the defect liability period (12 months) is being followed. In exceptional cases, checks have been carried out after defect liability period for special reasons. Where a work is checked after defect liability period, it is required to be reported to the CTE with reasons for doing so.

4.19 Where cross negligence on the part of the executive is reflected in the CTE's report, disciplinary aspect is examined by the Government.

4.20 Action taken on the half-yearly reports Nos. 57 to 62 covering the period 01 April 1977 to 31 March 1980 are given below:

Summary of cases	Severe displacement of GOC-in-C	Recordable warning	Non-recordable warning	Pending
Apr. 77-Sep. 77			2	..
Oct. 77-Mar. 78	1	1	1	..
Apr. 78-Sep. 78			..	..
Oct. 78-Mar. 79		..	5	
Apr. 79-Sep. 79		5	17	
Oct. 79-Mar. 80		8	7	
	1	14	35	..

No. of cases examined 71

No. of cases action taken 24

Disciplinary action against 50 persons.

4.21 Representative of a Builders' Association informed the Committee during evidence that in the CPWD the defect liability period was 6 months but in the case of MES, it was 12 months. The witness added that when completion certificate was issued, the defects, if any, were mentioned in the completion certificate. When buildings are "properly handed over the contractor is still under obligation to rectify the defects till the expiry of the defect liability period." Asked about the percentage of such cases the witness replied "about 25—30 per cent." The witness added that in most of the cases inspection by TE was not during the currency of the contract and in some cases it was done even after the expiry of the maintenance period.

4.22 During evidence a former Engineer-in-Chief stated that the Technical Examiner went to the site after the work was finished and this led to harassment of contractors and that was why the Engineers on the ground were unhappy with technical examiner.

#### *Object of Examinations*

4.23 Another former Engineer-in-Chief stated that the CTE's organisation was not able to reduce corruption because firstly they

sometime came and examined the works 3 years after these had been completed. He said "2 or 3 years after a small man comes and scratches a spoonful of plaster and then says that somebody has stolen the cement from this..." In his opinion "the agencies who are responsible for supervision of this type wield the big stick sometime if not always to benefit themselves." The witness suggested that the CTE should suggest improvement in planning and designing of works so that the time taken in execution could be reduced and there could be saving of cost.

4.24 Another former Engineer-in-Chief stated before the Committee that the technical examination as it is today only goes into the implementation of the contract specifications. It does not go into the question whether the specifications are correct or not.

4.25 During evidence, the Defence Secretary stated that "By and large, that is it is done during the currency of the period. It is only in executional cases that it is done after that. In such cases, the report has to be submitted."

4.26 The Committee desired to be furnished with a statement indicating the percentage of cases in which technical examination took place (i) during the currency of works (ii) after the completion of works but before defect liability period and (iii) after the defect liability period. The information has not been furnished to the Committee. The Ministry has informed the Committee that "no such data is maintained."

#### *Need for outside technical examination*

4.27 It was stated in a memorandum that:

"the Working Group of Planning Commission categorically recommended that the system of outside technical examination be abolished and steps taken to intensify internal supervision and quality control. In spite of the recommendation, the system of technical examination has not been abolished. It appears that the Government's approach to vigilance is inclined more to the concept of wielding a stick rather than building up the internal strength of an organisation."

4.28 Challenging the statement made in the memorandum, the Ministry stated that the concept of vigilance integral to the organisation is already practised to a large extent by the various echelons within the Department. Even unintentional irregularities may not

be immediately apparent to a GE who is more intimately tied up with the day to day problems of labour, materials, construction machines, contractors, funds and so on. His superiors naturally are able to take a more detached view and be able to point out sufficiently in advance where things can be put right. However, by the very nature of limited frequency of inspection due to span of control involved and geographic dispersal the necessity of a Technical Examination Branch outside the control of the Department is recognised and maintained so that irregularities are brought out without fear or favour. MES is the pioneer department to set up the organisation of the CTE, who does not function under the E-in-C but under the QMG for the necessity to be independent of the executive. The system has worked satisfactorily over the years.

4.29 CPWD adopted Technical Examination of their works only recently and their CTE has been made part of the CVC, who have been insisting from time to time that all such organisations of the Govt. should function directly under them. For ensuring a realistic technical examination with a view to achieve quality control, each department with their inherently different procedures system, Standard Schedule of Rates, specifications etc. has to have their own TE organisation for functioning with understanding. The present system with the independence of the CTE being ensured but under the Defence Services needs therefore no change.

The requirement is partly met by the present arrangement under which the CTE is functioning under the AMG. However, the Ministry does not agree that outside examinations can be totally abolished.

4.30 A former Engineer-in-Chief referred to the report on the Economics in Construction Cost brought out by a Working Group of the Planning Commission (1967) recommending *inter-alia* that the system of outside technical examination should be abolished and steps taken to intensify internal supervision and quality control. He expressed the view that in the present arrangement "the technical examiner is not responsible for the results. So you are combining irresponsibility with authoritarian Act." Asked if an independent organisation like CTE was not necessary to check negligence on the part of the departmental officers or their collusion with contractors, the witness stated "100 Chief Technical Examiners will not be able to stop it. It is impossible by the very nature to stop these things, The only way to stop it is to build internal discipline and internal

morale to a pitch that these things do not happen." The witness added that "in Europe, most of you know well that most of the corruption is by collusion. Almost 90% is by collusion. In India 90% of the corruption is by coercion and only 10% is by collusion. Coercion of the technical examiner, coercion of the trade, coercion by the accountant who will not pass your bill unless you pay him something. These are facts of life. If by having Technical Examiners and other people you are adding another branch of coercion. Can anybody guarantee that the Technical Examiners themselves will not demand money? This is the pattern and nature of our corruption."

4.31 A former E-in-C suggested that the organisation of Chief Technical Examiner should be brought under Engineer-in chief. Asked if this would not result in the independence of the technical examination, being lost the witness replied "I do not know to what extent. . . he has independence. The entire organisation is staffed by the MES. I do not know to what extent the QMG exercises control in the functioning of the CTE. He is not a technical man."

4.32 Another E-in-C held the view that if the organisation was put under the E-in-C atleast they would be able to sort out problems at an early stage.

4.33 Asked about the decision taken on the recommendation of the Planning Commission Working Group made in the Report on 'Economics in construction cost' regarding abolition of the system of outside technical examination, the Secretary, Ministry of Defence stated during evidence that 1967 recommendation is under examination by WHS Ministry when to decision is taken we will review the present arrangement." The Committee asked E-in-C of his reaction to the recommendation, Engineer-in-Chief stated:

"I welcome the system of in-built technical examination. Quality control is based on trust. We will not be suspicious of our own officers; I am always interested in seeing that my quality of work is appreciated and it is good. This system should work."

### (C) Vigilance

4.34 The Director of Personnel, E-in-C's Branch performs the function of Chief Vigilance officer in MES. Similarly Vigilance officers have been nominated at the Command and Zonal level. These vigilance officers are normally Addl. Chief Engineers of the Command/Zone.

No extra staff is authorised/provided for vigilance work. Vigilance work is carried out by all concerned in addition to their normal duties. The vigilance officers and staff belong to the MES. They are not independent of administrative control of MES organisation and they work under the respective Chief Engineer's E-in-C.

4.35 According to the Ministry, there is a regular system of surprise checks of stores, quality of construction works, delays in payment of bills to the contractors etc. in MES. A number of checks are carried out regularly from time to time by CsWE, GFs, Zonal CEs and Command CEs. The details of surprise checks, carried out by them are normally entered in the register maintained by them. No serious irregularity in this respect has been reported. Engineer-in-Chief has also ordered surprise checks of stores in various Commands which have been carried out, but no irregularity was found.

4.36 The Committee desired to know the number of complaints investigated and the follow up action taken by the vigilance Deptt. The Ministry has furnished the following information.

Year	Total No. of complaints received	No. of complaints investigated	Outstanding cases out of Column 3 for disciplinary action/inquiry in which <i>prima facie</i> case is anticipated after investigation	No. of complaints partly or wholly sub- stantiated out of Col.3
(1)	(2)	(3)	(4)	(5)
1976	269	227	More than two years	37
1977	407	324		
1978	410	314	Between one and 2 yrs.	30
1979	489	300	less than one year	19
1980	430	267		

4.37 Inquiry have been instituted in respect of cases found substantiated. Where inquiry has been completed, disciplinary action has been initiated against delinquents. Column "Outstanding" represents the number of cases where enquiry/disciplinary action is in progress.



4.38 The Ministry has furnished the following statement indicating the number of vigilance cases detected during the last five year (i.e. 1977 to 1981).

Sl.No.	Year	No. of cases
1.	1977	4
2.	1978	5
3.	1979	6
4.	1980	7
5.	1981	9
Total :		31

4.39 In a memorandum it was suggested that the vigilance organisation should be combined with the CTE's organisation.

4.40 In a written reply the Ministry stated that "the purpose of vigilance organisation is to examine the question of integrity and corruption. These aspects are not confined to contract activities alone. The CTE's organisation is to carry out test checks of works carried out *viz-a-viz* payment made to see whether there has been any over payment/lapses or not. There should therefore be no question of combining the two organisation though one can refer the case to another for investigation examination."

4.41 Asked whether the vigilance organisation should not be independent of the Department to be more effective, the Ministry stated that "the vigilance organisation are independent."

Explaining the position in CPWD, the Ministry stated that "in CPWD, the vigilance officer is placed under the DGWD of CPWD. It is also understood that there is a move to place CTE under DGW instead of under CVC as at present."

4.42 During his evidence a former E-in-C stated "Personally I would prefer that vigilance remains separate from the technical examination because their functions are entirely different and distinct. As the E-in-C level there should be a Director, vigilance and I would say at the Chief Engineer level also there should be a senior officer to deal with vigilance cases."

4.43 With regard to integrity of MES Officers a builders association informed the Committee that the integrity of MES officers as such is not beyond reproach. During evidence it was stated by the organisation "MES is just as corrupt as any other public works body. At every level there is corruption and yet there are people who are above it say about 30—40%".

4.44 Asked whether there was a practice obtaining in MES under which officers received a certain percentage of contractor's bills, the representative of the Builders Association stated. "The system of percentage is still working. There may be a fairly large variation from place to place and depending on the size of the contract and if the work is smaller the percentage may be higher...I have stated fairly, frankly what the situation is."

4.45 The Committee asked the Ministry in evidence if the Director of Personnel and Additional Chief engineers, who are designated Chief Vigilance Officer and Vigilance Officers respectively themselves enquired into complaints of corruptions or whether they sought assistance from their junior officers. The Secretary, Ministry of Defence, stated that:—

"On receipt of complaints warranting investigation, the Vigilance Officers at the appropriate level in addition to their normal duties progress these complaints by taking the following action:

- (i) Where military officers are involved, the complaint and the follow-up actions are forwarded to the Adjutant General at the Army Hqrs. for investigation.
- (ii) Where civilian officers are concerned, the complaint is referred to the Engineering formations and to an officer who is senior to the officer involved.
- (iii) In all cases where investigation by the Vigilance Officer is not found practicable the matter is referred to the CBI.
- (iv) The CPWD have a CE, Vigilance exclusively for this purpose under the DGW. The CE, Vigilance refers complaints initially to the lower formations for a preliminary report, where further investigation is considered necessary, it is immediately investigated by its own staff.

The witness added that:

"We have suggested that the post of Director (Vigilance) should be included in the E-in-C's Branch in the rank of

Chief Engineer with the supporting staff. This proposal has been included in the Cadre Review which is presently under consideration by the Ministry. If this cadre review is accepted, then we will have an exclusive Chief Engineer dealing with vigilance matters working under the Engineer-in-Chief."

4.46 The Committee pointed out that during their tours to various places, they had met different people at different places and got the impression that the Vigilance Cell was a failure. The officers were being posted from the same department to look into cases of corruptions in the same department and that in investigating such cases fraternity feelings among officers might come in the way of independent investigation.

4.47 The Committee asked whether the Vigilance Officer should not be deputed from the Ministry of Home Affairs to look into charges of corruption at different levels. The Defence Secretary stated during evidence that "there is more than one way of trying to control and undertake vigilance operations. There is one method which MES is following and there is another method which the CPWD is following. There are comparative merits and demerits in both." As regards the specific question of deputing an officer from the Ministry of Home Affairs the witness stated "my answer to this question is 'No'." The witness added "if a police officer can investigate the case of another police officer, there is no reason why an engineer should not investigate the case of another engineer."

About the functioning of the Vigilance system in the Department at present, the Engineer-in-Chief stated:—

"Normally staff on the ground is a mix of military and civilian personnel. Whenever any case is reported the first stage is to order a court of inquiry. Unless the staff concerned is purely civilian this court of inquiry necessarily has to be a staff court of inquiry. It is the ethos in the Armed Forces that if something goes wrong on the ground and the Formation Commander wants it to be investigated the normal drill is that an officer of suitable seniority is appointed to conduct the inquiry. The only variation is that if it is a mix of military and civil it is a staff court of inquiry. If purely civil we have departmental court of inquiry. This system has functioned very well."

4.48 It has been represented to the Committee that Inspection and supervision of works in MES is not adequate mainly due to vast increase in paper work. The Ministry has stated that over the years the phenomenon of increased paper work has overtaken not only the MES but also all Departments. According to the Ministry, the work regarding furnishing of data at short notice and frequent intervals to parliamentary, ministerial and financial authorities has increased manifold over the years since independence. In the Ministry's view it has had a perceptible adverse effect on executive functions particularly at lower levels of supervision, as no separate staff is available for such necessities which have become almost a constant feature. Accountability of executive Departments to Parliamentary institutions is a basic feature of democratic system and supply of information on the various aspects of the Departments' working is an essential ingredient in this process. The present thinking in MES, which verges on resentment, though veiled, against this practice, betrays ignorance of the fundamental tenets of democratic ethos and, to say the least is unfortunate. The Committee would not like the so-called pre-occupation of the existing MES staff in collecting information for supply to superior institutions to be made an alibi for laxity in supervision over works at any level. The Ministry would do well to guard against this tendency.

(S. No. 54)

4.49 The Committee have been informed by the Ministry of Defence that work study of the Inspection Organisation of MES is in progress and the report is expected shortly. The work study should also examine as to what extent, increase in paper work has hindered the efficiency of the Inspection Organisation and to what extent the paper work could be reduced. The Committee are anxious that the Inspection Organisation of MES should be adequate and effective in carrying out supervision of works in the field and should not be overloaded with unnecessary paper work.

(S. No. 55)

4.50 Most of the non-officials/Organisations who submitted memoranda and tendered evidence before the Committee expressed dissatisfaction with the working of the Organisation of the Chief Technical Examiner. Technical Examination of works, it has been represented, should take place during the execution of the works or before defect liability period is over. It should not be a never-ending affair. According to a Builders Organisation in a number of cases technical examination is done after the defect liability period. The Ministry has also admitted that in exceptional cases technical examinations have carried out after defect liability period for special reasons. A former Engineer-in-Chief also informed the Com-

mittee that Technical Examiners go to inspect works after these are finished and this has not only led to harassment of the contractors, but also annoyance to the engineers on the ground. In order to study this phenomenon in greater detail, the Committee desired the Ministry to furnish a statement showing the percentage of cases in which technical examinations were carried out (i) during the currency of works, (ii) after the completion of works but before defect liability period and (iii) after the defect liability period. The Committee has been informed by the Ministry that no such data is maintained.

In the absence of this information the Committee are unable to say how far the accepted policy of CTE's Organisation for checking works during the progress of work or within defect liability period is being followed.

4.51 The Committee feel that technical examinations of works can be more fruitful if these are conducted while the works are in progress as then the mistakes or negligence can be detected and remedial action taken before it is too late. The Committee would recommend that the working of CTE's Organisation should be so organised that technical examinations are conducted, as far as possible, during the currency of the works and only in special cases, after the completion of the works but within the defect liability period. Such an examination after the defect liability period can lead to harassment of contractors and should therefore be avoided.

(S. No. 56)

4.52 From a statement furnished by the Ministry, it is seen that during the last 3 years, out of 167 cases in which recoveries amounting to Rs. 56.82 lakhs based on technical examiners' observations were referred to arbitration, 137 cases involving awards amounting to Rs. 49.07 lakhs were decided in favour of contractors. From these figures the Committee cannot but come to the conclusion that there is much force in the view of the non-official organisations that in many cases technical examiners just to boost up their achievements insist on recoveries which are not sustained in arbitration later on. This is a sad reflection on the quality of technical examiners' work and shows lack of fair and independent approach on their part. The Committee would like the Ministry to evolve a system of independent and expert review of the quality of technical examinations in the light of arbitration awards and the facts that may come to its notice otherwise with a view to applying correctives wherever and whenever found necessary.

(S. No. 57)

4.53 The technical examiners should as they do at present, examine the works critically to detect use of sub-standard materials.

or cases of negligence or collusion, which is their principal function. But this should not be their only function. The Committee agree with former Engineers-in-Chief that CTE's Organisation should also suggest improvements in planning, designing and specifications of works for ensuring speedier and more economic execution of works in the future.

(S. No. 58)

4.54 At present CTE's organisation examines 10 to 15 per cent of works. The Committee note that during the years 1976-77, 1977-78, 1978-79, 1979-80 and 1980-81, 53 per cent to 63 per cent of the works examined by CTE were found defective in that sub-standard material was found to have been used in them. Surprisingly the Ministry does not consider the position alarming as in its judgement the percentage of the amount of recoveries initiated at the instance of CTE in respect of defective works as compared with the total cost of the works executed was insignificant. The Committee do not appreciate this approach. It cannot be said that the consequences of a small quantity of sub-standard material used today in a building could not be too serious in the future. To judge standards in monetary terms, as the MES appears to be doing is not only wrong but also fraught with danger. Such an approach can besides encouraging contractors to use sub-standard material in more and more buildings with a very small and in expensive risk of being caught, make supervisory officers still less serious in enforcing standards. The Ministry would therefore do well to warn MES formations against such a complacency and casualness of approach in the matter of quality of construction and view every case of sub-standard material seriously regardless of monetary value involved.

(S. No. 59)

4.55 The Committee find that during the years 1977 to 1980 as against 1818 cases of sub-standard material detected by CTE's organisation, disciplinary action for negligence on the part of executive officers was taken only against 50 officers. Out of these 50 cases, in 35 cases only non recordable warning was issued to the officers; in 14 cases recordable warning was given; and only in one case severe displeasure of COC-in-C was conveyed. The Committee feel that by and large sub-standard material cannot be used in construction without the negligence or collusion or connivance of the supervisory officers. The Committee would like the Ministry to consider what further measures can be taken to tighten supervision over construction and to hold supervisory officers accountable for the malpractices which might be detected later on by CTE's organisation. The Committee would also like the Ministry to examine whether non-

recordable or recordable warnings or expression of mere displeasure is sufficient punishment in such cases of gross negligence. . . .

. . . . (S. No. 60)

4.56 Seeing the rising trend in the use of sub-standard material which was found to have been used in 53 per cent, 58 per cent, 61 per cent and 63 per cent of works examined by CTE in 1977-78, 1978-79, 1979-80 and 1980-81, respectively, the Committee feel that the CTE's organisation should not rest content with 10-15 per cent of works which it test-checks at present. It should extend its attention to more works.

(S. No. 61)

4.57 The working group of the Planning Commission recommended in 1967 that the system of outside technical examination should be abolished and steps taken to intensify internal supervision and quality control. This view has been supported by a former Engineer-in-Chief. Another view expressed before the Committee is that the Chief Technical Examiner should be brought under the control of Engineer-in-Chief instead of Quarter Master General at present. The present Engineer-in-Chief also welcomed the system of in-built technical examination. The Committee are inclined to agree with the Ministry that outside examination cannot be totally abolished. The Committee are also not in favour of the CTE's Organisation being placed under the control of E-in-C. Such a step will erode the independence of CTE and make it vulnerable to influence by the organisation whose work he is expected to inspect.

(S. No. 62)

4.58 The Committee are not satisfied with the working of the vigilance organisation in MES. There is considerable delay in investigation of complaints. 42 complaints out of 269 received in 1976, 83 out of 407 complaints received in 1977. 96 out of 410 received in 1978, 139 out of 439 complaints received in 1979 and 163 out of 430 complaints received in 1980 have not so far been investigated. Even out of the complaints investigated there are 86 complaints pending for disciplinary action. Out of these, 37 are pending for more than 2 years, 30 between one and two years and 19 for less than one year. If "vigilance" has to have a deterrent effect, it should investigate complaints expeditiously and bring the delinquent officials to book while the relevant malpractices are fresh in the observers' memory. Delay dilutes, if not defeats the impact of vigilance proceedings. The Committee would like the Ministry to tone up the working of vigilance organisation and make it result and time oriented

(S. No. 63)

4.59 According to a non-official organisation the integrity of MES officers is not beyond reproach. It is stated that the practice of officers receiving a certain percentage of contractors' bills is there in MES and that there is corruption at every level, though of course there are also officials who are above it. The Ministry should take serious note of the image of MES officers as it exists today and do whatever is possible to eradicate corruption from MES.

(S. No. 64)

4.60 The Vigilance Officers and Staff are a part of the MES organisation. They are not independent of administrative control of MES hierarchy as they work under the respective Chief Engineers. This in the Committee's opinion is a basic flaw in the vigilance system in MES. It is difficult to imagine an officer to investigate a charge against a brother officer independently when both of them happen to be working under the same boss in the field. The possibility of influence by the boss or the feeling of fraternity coming in the way of impartial enquiry cannot be totally ruled out. The Ministry it is learnt is considering a proposal to appoint a Director of vigilance at the Engineer-in-Chief's Branch in the rank of Chief Engineer with supporting staff. The Committee are of the view that if Vigilance Organisation has to serve any worthwhile purpose, it should be headed by a high level Officer, preferably from outside the MES Set-up, working directly under the Engineer-in-Chief and have separate staff of its own to conduct investigations and launch prosecutions.

(S. No. 65)



## CHAPTER V

### FINANCIAL MATTERS

#### (A) *Plant and Machinery*

5.1 In 1966, Government authorised holding of 74 items as MES Special Tools and Plants. Subsequently, as the civil contractors started acquiring plants by themselves and depended less on the plant made available by the MES to them for execution of MES works, reviews of MES Special Tools and Plants were carried out and reduced to only 21 items, in May 1979. This made it obligatory for the MES to hold the plants until the same became "Beyond Economical Repairs or get covered under approved discard policy." There is presently no discard policy as such laid down for the MES plant.

5.2 The Committee desired to know the details of various plant and machinery held by MES, and the extent of their utilisation.

5.3 The Ministry informed the Committee as follow:

MES is at present holding numerous types of plant and machinery, many of which dating back to the second World War, though some of them are no longer authorised in the list of MES Special Tools and plant|machinery are governed solely by the nature, quantum and location of the works to be executed by MES, and all these factors keep changing from year to year. Therefore, it is but inevitable that all the plants cannot be put to use all the time. Some of them will have to be retained as reserve in readiness to meet emergent requirements, i.e. during war time, aid to civil authorities and natural calamities. Hence the utilisation and idle capacity factors lose their importance in this context. Repair of MES plants has also not suffered for want of funds as thought out earlier. The Ministry has also been aware of acute necessity to hold only the barest minimum of essential plant and have taken steps leading to a reduction in the plant inventory.

Keeping in view the above parameters, Command-wise Boards of Officers are presently in progress with a view to identify the plants which are of very old vintage as also those which have limited utility due to the change in technology, as well as their increasing availability with contractors so as to rationalise and

dispose of the plant, which do not lend themselves to optimum utilisation.

5.4 It was stated in a memorandum submitted by a Builders Organisation that "Contractors generally loathe to hire MES plant and machinery because it is of an old vintage type and the performance thereof by the Department's own confession in tender documents, is not guaranteed. The Contractors, therefore, prefer to hire plant and machinery from the trade.

5.5 It was stated in a memorandum that general standard of preventive maintenance of MES plant and machinery needed improvement.

5.6 The Committee desired to know the steps taken to keep the equipment in serviceable condition, the Ministry stated that workshop facilities were available in the MES and in other Government agencies for carrying out repairs to the plants. Sufficient funds were also available for this purpose. Instructions exist for ensuring regular inspection of plant/machinery by officers of Chief Engineer|CWE.

5.7 The representative of the organisation stated during evidence before the Committee "We feel the department should not cater for plant and machinery except in inaccessible areas where it is not available".

In this context a former E-in-C stated that "some works will have to be done departmentally by the MES. They should have plant and machinery to the extent required for departmental works only. They need not have plant and machinery to be given to contractors".

5.8 During his evidence, the Engineer-in-Chief stated that "the basic fact is that historically after World War II MES had a lot of plant. At that time very little plant was available to the general contractors in the country. Today we have a situation where more plant is available."

5.9 E-in-C added that "MES is holding some, plant for the maintenance and care and sometimes there are problems of spare parts. To overcome the situation steps are being taken. In May this year the Board was ordered to go into two questions (a) to determine and identify that plant which need not be kept by MES in view of its common availability. (b) the plant which is not beyond economic repair could not be discarded under the present method. Simultaneously, steps has been taken to review the plants which are beyond economical repair and which are to be discarded". As

regard the type of machinery proposed to be held by MES, the witness stated "In so far as MES is concerned, a view that we are taking is to stock only two types of machinery—firstly, those that would be required for small works—maintenance of roads etc. are stocked with us. . . . . Secondly, sophisticated or complicated plants that are required for specific purpose and not generally available with contractors".

5.10 MES is holding numerous types of plant and machinery, many of which date back to the Second World War, for the use of contractors in the execution of works. It was brought to the Committee's notice that the contractors did not like to hire MES machinery because it was of old vintage and its performance was not guaranteed. The Committee are informed by the Ministry that command-wise studies are being made with a view to identify the plants which are of very old vintage as also those which have limited utility due to changes in technology as well their increasing availability with contractors so as to rationalise inventory holding and dispose of the items which do not lend themselves to optimum utilisation. This step, though belated, is welcome. The Committee would like the Ministry to take a policy decision in this regard and direct the MES to keep only such plant and machinery as may be required by it for carrying out maintenance works departmentally and as may be in demand by contractors for carrying out sophisticated works and may not generally be available with them. (S. No. 66)

5.11 There is no point in keeping plant and machinery which is of no use either to the Department or the contractor. The Ministry should lay down a discard policy for the MES plant and machinery for the guidance of the MES formations and ensure its enforcement. (S. No. 67)

#### (B) Losses

5.12 The following table shows the losses incurred by MES, amounts regularised and still pending for regularisation during the last 5 years:—

Year	Losses		
	incurred	regularised	Pending
1975-76	3.25	0.82	2.43
1976-77	3.37	0.93	2.44
1977-78	3.89	0.60	3.29
1978-79	4.30	0.41	3.89
1979-80	5.23	0.15	5.13

(Rs. in crores)

5.13 According to the Ministry the losses include losses due to storm, flood and earthquake, losses of stores due to the theft, fraud and neglect, non-recovery of barrack damages and rent/allied charges, furniture and infructuous expenditure and other causes.

5.14 The break-up of the outstanding losses pending regularisation as on 31 March 1980 were as under:—

S.No.	Categories	Total
1	Category-A Losses due to storm, flood and earthquakes (Natural calamities)	2,52,55,859.73
2	Category-B Losses of stores due to theft, fraud and neglect	72,37,196.43
3	Category-C Barrack damages	1,15,110.46
4	Category-D Loss due to recovery of rent and allied charges	7,19,053.36
5	Category-E Losses of furniture	3,41,128.63
6	Category-F Miscellaneous (infructuous)	1,75,52,761.48
	Total	5,13,21,110.09
		Rs. 5.13 crores

5.15 The losses due to theft, fraud and neglect constitute only about 14 per cent of the total losses.

5.16 All out efforts are constantly made to settle outstanding loss statements in the normal manner expeditiously. Strict instructions have been issued to the Command CEs to ensure prompt regularisation of the outstanding loss statements by resorting to personal liaison with the concerned authorities. It is, however, brought out that some delays in regularisation and write-off of these are inevitable on account of the procedures and the various channels involved in the process between occurrence of loss and finalisation of court of inquiry/disciplinary proceedings etc. which are involved and time consuming.

#### *Loss Statement*

5.17 It was stated in a memorandum to the Committee that Engineer Authorities have no powers for write off of losses due to theft, fraud and neglect. Powers to write off losses may be delegated to Chief Engineers and DGW at least to the extent of powers vested with Area Commanders and Army Commanders.

In a written reply, the Ministry stated "this position is factually correct. Engineer authorities have no powers for write off losses in the MES due to theft, fraud and neglect. All loss statements have to be processed through the "Staff" authorities who convene courts of Inquiries to look into the cause of such losses. A proposal for such delegation to write off losses due to theft, fraud and neglect is under consideration of the Government."

5.18 Giving the latest position of the total out-standing losses, the Engineer-in-Chief stated during evidence that "the amounts awaiting regularisation as on 31.3.1981 come to Rs. 31.13 crores. I agree that there is room to reconcile the outstandings. While instructions have been issued to Command Chief Engineers to ensure quicker regularisation of outstanding losses by personally contacting the concerned authorities, I think we will have to evolve a system to see that these are really followed up and quickly settled. I myself am not very happy with the large amounts."

5.19 Referring to the losses of stores due to theft, fraud and neglect which formed 14 per cent of the outstandings for 1979-80 the witness stated that "I feel even 14 per cent is too much."

*Outstanding rent Recoveries*

The break-up of the outstanding rent and allied charges during the years 1975 to 1979 is shown below :—

(Rs. in Lakhs)

Sl. No.	CATEGORIES	Amount out- standing as on 30-9-75	Amount out- standing as on 30-9-76	Amount out- standing as on 30-6-77	Amount out- standing as on 30-6-78	Amount out- standing as on 30-6-79
1	A Dues from officers in service . . . . .	8	11	12.16	12.36	17.84
2	B Dues from officers released/retired. . . . .	11	11	14.60	17.92	20.56
3	C Dues from Units/Messes disbanded . . . . .	..	..	..	..	..
4	D Dues from Units Canteen contractor, Messes & Clubs. . . . .	6	7	8.22	8.79	10.66
5	E Dues from private person/private parties. . . . .	32	36	47.79	59.07	67.53
6	F Dues from Cantonment Board & Municipalities. . . . .	32	11	8.64	14.47	14.01
7	G Dues from Min. of Labour & Rehabilitation. . . . .	7	8	8.28	9.57	9.06
8	H <sup>1</sup> Dues from Central Ministries . . . . .	39	37	34.05	38.50	37.13
9	H <sup>2</sup> Dues from State Govt. . . . .	43	36	39.22	54.78	51.69
		108	157	172.96	215.46	228.48

5.20 The Committee desired to know the reasons for accumulation of rent charges and steps taken to recover them. During evidence, the E-in-C stated that "the present procedure is that the Bills are made by the MES at the behest of the allotting authorities who took Government sanction where it is required. There is no doubt that this is an unsatisfactory state of affairs, but what has happened is that in many cases we have let out some accommodation to Railways. Where there were disputes protracted correspondence has taken place over a large number of years. But we are conscious of this and I feel that this is not satisfactory. The remedy, I feel, is to have a task force on a time bound programme to go into this and where State Governments and Ministries are involved, we would have a Cross table discussion here."

When his attention was drawn to an amount of Rs. 67.53 lakhs outstanding from private persons|private parties, the E-in-C stated during evidence that a unit or a regiment had certain contractors. If some thing was let out to them, rent was to be recovered. Then that became a private party. Certain old retired officers who had retired from service and were still keeping accommodation also constituted private parties. As regards the measures proposed to be taken to recover the outstanding amount from them, the witness stated "we will make an intensive drive on this."

5.21 At the Committee's instance the Ministry furnished the following information regarding dues from private parties vis-a-vis total outstanding from all States upto March, 1980.

(a) Outstanding rent recoveries from private persons private bodies.	Rs. 32,60,668.24
(b) Total outstanding rent recoveries from all States.	Rs. 2,52,63,307.66

#### *Audit Objections*

5.22 At the instance of the Committee the Ministry of Defence furnished the following statement indicating the amounts objected

to by the Controller General, Defence Accounts and still outstanding and the nature of objections during the last 5 years.

Year	Amount objected during the year in lakhs	Amount settled during the year in lakhs	Amount outstanding at the end of the year in lakhs
1975-76	1606.55	375.98	1230.57
1976-77	1908.69	219.70	1688.99
1977-78	1766.39	127.28	1639.11
1978-79	1405.86	126.01	1279.87
1979-80	1639.78	118.74	1521.04

5.23. According to the Ministry the nature of the objections are procedural and are mainly as under:—

- (a) Due to non-compliance of normal/ revised Works Procedures in respect of the following:—
  - (i) Want of adm. approval
  - (ii) Want of technical sanction.
  - (iii) Want of allotment of funds.
  - (iv) Excess over adm. approval.
  - (v) Excess over Tech. Sanction.
  - (vi) Excess over allotment of funds.
- (b) Non-regularisation of works sanctioned as per paras 10, 11, & 12 of Revised Works Procedures by getting the regular sanctions.
- (c) Due to non-compliance of basic rules governing the Emergency Works Procedure.

5.24. The Engineer-in-Chief informed the Committee during evidence that "the cumulative balance upto the end of 1979-80 was Rs. 39, 39, 52, 344. The Defence Secretary added that the amount outstanding for settlement at the end of the year 1980-81 was Rs. 1712.29 lakhs. The difficulty in settlement of the objections, the Defence Secretary stated, "There are discrepancies between the figures which Chief Engineers indicate and the figures which the audit indicate. The Audit is a published one; so we have to go by



that. We have issued instructions to the Chief Engineers to set up a small group which will devote its time to getting these cleared by discussion with CGDA. I have also requested my Finance friends to request the CGDA to set up a small group in their office to pay specific attention to the clearance of these audit objections”.

The objections referred to in this context constitute procedural and not financial irregularities. The amounts held in objection reflect those due to non-compliance with the works procedure and are of the following types:—

- (a) want of administrative approval;
- (b) want of technical sanction;
- (c) want of allotment of funds;
- (d) excess over administrative approval;
- (e) excess over technical sanction;
- (f) excess over allotment of funds.

5.25. Subsequently the Ministry informed the Committee in a written reply that non-compliance arises in cases where the works are very urgently required from the users' point of view and the works are taken in hand pending approvals and allotments. This is a continuing process and the objected amounts get settled in due course of time. Meanwhile fresh objections get added. From the nature of these objections, it will be seen that their settlement concerns not only the MES but also the services which are sanctioning the works and allocating funds, the figures reported by the Audit Authorities regarding the amount held in objection do not tally with the figures maintained by the executives. Since the discrepancies have to be reconciled before they are settled, it takes quite some time for setting these objections.

Efforts are constantly in progress to reconcile and settle these objections at various levels. The instructions were issued on 4-12-1981, in this connection. The CGDA has also been requested to issue suitable instructions to the Controllers of Defence Accounts.

5.26. The Department has incurred huge losses due to storm, earthquake, theft, fraud, neglect, non-recovery of rent and allied charges, loss of furniture and infructuous expenditure. As on 31st March, 1981 losses aggregating to Rs. 31.13 crores were awaiting regularisation. That means total losses would have been much more. 14 per cent of the losses are stated to be on account of theft, fraud and neglect.

5.27. These losses reveal a highly deplorable state of affairs in MES and raise serious doubts about the competence of supervisory officers at successive levels of management. The Committee would like the Ministry, not MES, to hold an independent and in-depth enquiry into the losses incurred by MES during the last five years with a view to fixing responsibility and learning lessons for the future. The enquiry should be completed without delay and the magnitude of losses under various heads and the analysis of the reasons therefor together with the action taken in the matter should be conveyed to the Committee within 6 months. (S. No. 68).

5.28. The Committee also note that there are heavy amounts outstanding against various categories of officers and private parties.

As on 31 March, 1980 a sum of Rs. 32.60 lakhs was outstanding against private persons/bodies out of a total outstanding amount of Rs. 2.52 crores. Engineer-in-Chief has confessed before the Committee that this is an unsatisfactory state of affairs.

Besides, Audit objections with cumulative balance of nearly Rs. 40 crores are outstanding and have not so far been accounted for what ever be the reasons all this reflects looseness of financial control at various levels and deserves to be deprecated. The Committee would urge the Ministry to view these matters very seriously and set up separate task forces to recover outstanding dues from all concerned and settle audit objections within definite time limits. The Committee would like the Ministry to take conclusive measures to ensure against accumulation of dues against public and private authorities and audit objections. The Committee would like to be apprised of the progress made and preventive measures taken in the matter within six month. (S. No. 69).

## CHAPTER VI ORGANISATION

### (A) Organisation Set-up

6.1. Engineer-in-Chief is the head of the MES at Army HQ. He is assisted by Director General of Works and 10 other Directors of Works. MES is organised as per Army Command and at Army Commands level is headed by Chief Engineer (Maj. Gen.). He has got Zonal CEs under him. They are controlling Works Services aspects of the Works. The number of Zonal CEs depends upon the work load and the area to be controlled by each. Next in the chain is the Commander Works Engineers. There are usually 3 to 4 CsWE under each Zonal CE. ACWE acts as an Engineer adviser at the area/division or a equivalent of local heads of Services. There are usually three or four Garrison Engineers under a CWE. A Garrison Engineer incharge of a Division which is the key construction unit and is the Engineer advisor of the sub-area/Brigade or equivalent level to the local heads of services and departments under the Ministry of Defence. The Ministry of Defence is the controlling Ministry with whom MES deals directly on all matters of policy on works matters.

6.2. It was stated by a non-official organisation in a memorandum to the Committee that "MES should be made a completely Civilian Organisation and placed either under the Ministry of Defence or under Defence Engineering Board like the Boarder Roads Development Board. The present DGW and his set up plus the Directorate of Personnel and Directorate of Engineering Stores and Plant component pertaining to MES should be taken out from the control of Engineer-in-Chief and placed directly under Ministry of Defence/Defence Engineering Board."

6.3. The representative of the non-official organisation stated "the cost on the military officers is almost double the cost on the civilian officers and their availability is also less. Due to lack of continuity, they lack in professionalism in their work. In the case of MES, they have to construct multi-storeyed buildings; they have to construct ordnance factories; they have to construct sophisticated buildings for the Navy, Air Force and the Army. There is nothing which he can learn which is going to be useful to his combat duty. I think from that angle I cannot visualise as to how it is necessary for corps of engineer officers to be in the MES. Even if it is necessary for them to be there, it should be more at the working level."

6.4. A former E-in-C stated in his Memorandum to the Committee that "according to the present policy, officers cadre in the MES is composed of 50 per cent Army and 50 per cent civilian and the subordinate cadre is to consist of 1/3 Military personnel and 2/3 civilian personnel. The works services are essentially a well knit team. Both the Military and the civilian element are equally essential. The Military element gives it the experience of combat and a background of better discipline, physical fitness and ability to work in extremes of climate and terrain. The civil element provides a measure of continuity and enable the rotation of solidiers between works and combat engineer units. A point that should not be forgotten is that higher direction of work and higher direction of engineers support to war require an adequate Military as well as technical background Secondly above the operational engineering plans consisting of combat support and construction support are one integrable. The present mix is satisfactory and must continue. The view points recommending total militarisation of the MES or its total conversion into a civil department are both misguided and short-sighted in concept and vision.

6.5. Another former E-in-C stated in his memorandum to the Committee that "there has been some loose talk on fully civilianising the MES placing it under the Ministry of Defence. In a big organisation like the Defence, there must be centralised control over all the engineer resources to ensure their optimum utilisation. This becomes all the more important in an emergency or war. Based on this principle even the Border Roads Organisation (BRO) is placed under the E-in-C in war as was done in 1962, 1965 and 1971. I consider that the BRO should be placed under the control of the E-in-C even in peace time. This will enable surplus potential of BRO being utilised for defence works, particularly where contractors are not forthcoming.

The MES must, therefore, continue under the direct control of the E-in-C, who is the head of the Corps of Engineers, so that defence works are executed economically and expeditiously by deploying the engineer resources available to the armed forces in the country. This organisation has stood the test of time and no change is called for."

6.6. Another E-in-C (retired) stated in his memo to the Committee that it is important that the Corps of Engineers (of which MES is an integral part) are prepared and trained in peace time to

carry out their combat tasks. They can only do so if they gain enough experience in peace time to out large engineering works. The experience is given to them in MES by doing all construction work for Army, Navy, Air Force and other Defence Constructions and by opening out Himalayas by constructing border roads. All construction engineer activities of the armed forces should be under the unified control of the Engineer-in-Chief. During his evidence, he stated that the Border Roads organisation and Naval Dockyard works should also completely be under the control of the E-in-C. About the Border Roads, he said "I do not think there is any rational why the Border Road organisation should not be completely under the Engineer-in-Chief. As far as I remember in 1959, it was only on the basis of personalities that they did not come under the Engineer-in-Chief." The witness added that "the effective control continues to be with the site engineer. They suffer because the total control is not with the E-in-C. I must say to the credit of the various Engineer-in-Chief that they have made it a policy to make sure that the naval works or Border Roads organisation get the best affairs and support because it all ultimately comes to the image of engineers. Therefore, they have gone out of the way not to let them down. But it is a big strain, and I am fully convinced that both these organisations should be abolished and become a part of the E-in-C Branch."

6.7. Referring to a separate organisation under the Navy to undertake construction of Naval Dockyard works another E-in-C stated "I do not agree with this arrangement." Asked if MES could handle all the jobs which the Navy was doing at present, the witness replied "Yes, better than at present".

6.8. Dealing with these points Defence Secretary stated in evidence that "actually during 1960—63 the D.G. Works was placed under the Quarter Master General and E-in-C was only looking after combat engineering work. After the Chinese aggression, it was decided that the E-in-C will control both and it was taken away from the QMG. The present system is not presenting any major problem. My view is, too many changes create more problems and we should allow the present system to continue."

6.9. The Committee desired to be furnished with a note on the desirability and feasibility of militarising Civil staff of MES and making it a wholly uniformed service with a view to improving the functional efficiency of the Department during war or peace.

The Ministry furnished the following note:—

“The question of militarising the MES is an aspect of a larger question on the composition of the MES which has been considered in the Ministry of Defence on a number of occasions. It is, in fact, the observe side of the question of making the MES a fully civilian organisation.

The MES Review Committee, for example, recommended in 1958 that the proportion between Military and Civilian officers up to the grade of CWE be 50:50; that the existing civilian officers be given the option to accept combatant terms; and, where officers are not required to deal with troops, civilians should be considered for posts higher than CWE.

The Estimates Committee, in its 25th Report, also endorsed the MES Review Committee's recommendations. While the expansion of the civilian component of the MES has been a demand of the civilian employees and has been considered from that angle i.e. to give them additional benefits, the militarising of the MES has necessarily to be examined from the functional point of view viz. if it is desirable as a part of military requirements, and if so, how the militarisation is going to be achieved.

The MES is a support service to the Armed Forces in peace and in war. In peace it constructs the buildings and facilities required by the three services such as naval and air bases, ordnance factories, accommodation for the storage of ammunition, married accommodation for OPs, NCOs, JCOs and officers, hospitals, etc. In war it is responsible for the efficient maintenance of military installations.

However, while both functions have close inter-linkings with the services, they are not of the kind which have to have military personnel as an essential requirement for their performance.

A major factor in this issue is that a person in uniform is a more costly proposition than a civilian. Where, therefore, a function can be performed by a civilian, it would

be more economical to get civilians rather than uniformed personnel.

Besides the presence of civilians enables the deployment of the military officers and men during war in posts for which they are essentially required and this can be done without MES work being seriously affected.

For these reasons it is felt that the best composition is a mixture of both civilian and military personnel as at present."

#### *Delay in sanctioning establishment*

6.10. It was represented to the Committee that there was considerable delay in sanction of MES establishment every year based on work load. The delay imposes additional pressure on available staff. During evidence the Defence Secretary stated that the present system was that the proposals were made on the basis of work load each year. The cost was calculated with reference to the base year of 1977. The witness added that "there is a time lag in this case because the establishment is sanctioned on the basis of the figures of the previous year which are computed and worked out in the next year. This takes some time, about 6 to 8 months. Now, steps have been taken to see that this is sanctioned within six weeks. We have laid down a policy that the controlling authority would be the E-in-C would be required to send the proposal before the end of March every year, that is, before the budget Demands for Grants are submitted. The escalation factor for computing staff at the norms fixed in 1977 can be based on statistics of the National Buildings Organisation instead of being a subject of correspondence. Every year, they have to work out the inflation criteria inflation data, views of the publishers on data about the cost of building materials, etc. Now, we are trying to compile it in 6 weeks." Defence Secretary stated that "Now, it takes about 8 months. I want to see that it is done in 6 weeks."

6.11. In a note furnished after the evidence, the Ministry stated "the MES establishment as far as the executive formations of the MES is concerned is based each year on the computed workload. The time taken for scrutiny in the past has normally been 4 to 8 months. Steps have been taken to reduce this period so that the sanctions are issued within about three months' time."

6.12. With regard to the shortages in the sanctioned posts, the Ministry stated that critical shortages against sanctioned posts are as under:—

Sl. No.	Posts	Sanctioned Estt.(I)	Shortage against sanction		Shortages against (I) Total
			Mil	Civ	
1	SOI/CWE . . . . .	198	..	3	3
2	SO <sub>2</sub> /GE/DCWE . . . . .	694	49	86	135
3	SO <sub>3</sub> /AGE/AGWE . . . . .	693	260	..	260
4	SW . . . . .	127	7	28	35
5	ASW . . . . .	117	18	42	60
6	Arch . . . . .	50	3	5	8
7	Dy Arch . . . . .	46	..	10	10
8	Asstt. Arch . . . . .	128	..	24	24

The existing shortage of officers strength on ground is approximately 20%.

#### *Mix of Army and Civilian Officers in MES*

6.13 The Ministry have informed the Committee that because of the inherent requirement of engineer officers to assume a combat role during operations, it is not possible to totally civilianize the MES. Further more the functional efficiency of the MES is a major para-meter contributing to the operational effectiveness of all Armed Forces, hence the military aspect of the MES must not be lost sight of. The extent of civilianisation is studied from time to time taking into account factors like army manpower ceiling/existing strength in different cadres and potential to increase/economy etc. At present the proportion of Military/Civilian components is:

- (a) Officers: (i) 50:50 upto rank of Lt. Col./SE and at the discretion of the E-in-C above that rank in Engineer Cadre.  
 (ii) 75:25 in SW Cadre.  
 (iii) 80:20 in Arch Cadre.

- (b) Subordinates: 2/3 Civi. 1/3 Militarised.

#### *Appointment of Army Officers without Works Experience*

6.14 A former E-in-C has suggested in his Memorandum to the Committee:

“One reform that is necessary is that the practice of posting senior Military Officers of the rank of Brig. and above



to works appointment when they have no previous experience of work either in the MES or in the Border Roads Organisation should be discouraged. Where for career reasons or for reasons of giving opportunities for training to an officer who is an above average calibre and who is required to be trained for higher responsibility in the interest of Service and not in his own interest, these officers should be attached to experienced Chief Engineers for 3 to 6 months as under-studies.

6.15 During evidence the former Engineer in Chief stated:

“While an executive Engineer or Superintendent Engineer even if his knowledge is partial, he can fill the gaps but a Chief Engineer must sit in the chair and start giving directions from the next day. As far as knowledge is concerned basically every engineer is fully knowledgeable. A competent Engineer will not doubt have a great deal of technical experience. But what he needs on coming to MES is orientation and mastery of rules and regulations and the difficult art of technical administration of contracts. For that purpose a three to six months attachment is more than adequate. In the past we have had such provisions by the Government with Government permission for a number of years. The level of officers which should not be posted to MES without prior MES experience or prior border roads experience, I should say, in my opinion, should have been of the level of Brigadier.

6.16 It was stated in another memorandum that “the professional competence in several cases is lacking because many officers at fairly senior level are posted directly on works without any practical knowledge or experience of construction and working procedures due to which they fall into the hands of their subordinates who exploit the situation for selfish ends.”

6.17 In a written reply, the Ministry stated that all officers commissioned in the Corps of Engineers are qualified graduate engineers; they possess this qualification either prior to joining the Army or qualify on the Degree Engineering Course at the College of Military Engineering. They are thus fully qualified to hold works or troops appointments. Officers in the Corps of Engineers are generally exposed to works appointments at the level of Capts. Majors. Later on some go to works appointments and others to troops appointments. It may be stated that even those officers who

are posted to troops appointments, acquire adequate works experience because they are responsible for the construction of defences, structures and buildings etc. Whereas one may accept the fact that they do not get extensive experience in works it is not at the same time correct to say that they do not at all get such an experience. By and large, all officers who attain senior ranks do get exposure to proper works appointments during their service. It may be possible in an odd exceptional case that this may not have happened. The appointment of Chief Engineer is a senior important post and an officer with his service and seniority and background will not find it difficult to manage a works appointment of Chief Engineer. Management training commences at the National Defence Academy and middle piece managerial expertise is taught at the Defence Services Staff College. The ability to manage civilian and Army personnel, is, therefore, a continuous process in the career of an engineer officer.

6.18. Giving statistical information in this context, the Ministry stated (Oct., 1981) there were at that moment 8 Service Officers functioning as Zonal Chief Engineers directly inducted without previous works experience.

6.19. The total number of Command and Zonal Chief Engineers in the MES is 22 at present. If the number of Directors at Army HQ, and Chief Engineers provided from the Corps of Engineers with DG's NP and other projects under service Hqrs., is included the total number is 35.

6.20 Asked to state the rationale for posting service engineers without any work experience in MES as Chief Engineer or Additional Chief Engineer, Engineer in Chief stated in evidence:—

“Even when they (Any officers) join appointments in Border Roads they get enough works experience. For those commanding Troops, many regiments are engaged in construction of operational works where large amount of construction works are carried out by such officers. Now, the question actually pertains to the senior officers going as Chief Engineer. Here, I would submit that by the time the Engineering Officer has become Chief Engineer, he has acquired enough management and technical expertise to be able to handle the job of a Project Chief Engineer. And as a matter of interest, I carried out a check. The position today is that there are five Brigadiers who joined as Zonal Chief Engineers without having

formal experience in works and all are functioning satisfactorily.”

### *Unattractiveness of MES Service*

6.21 It has been stated in a memorandum that there is an urgent need for reserve of officers and subordinate establishment on the basis of accepted norms. The Ministry of Finance were appreciative of the dilemma and agreeable to sanction reserve provided all sanctioned establishment had been utilised. But unattractiveness of MES service has posed insuperable difficulties in recruitment through UPSC. The Ministry has stated that it is aware of the need for reserve of officers for leave, training, probation and deputation. This has been included in the proposed Cadre Review which is under consideration. However, there are shortages on the ground because the MES does not attract enough qualified direct recruits. This will be clear from the following details:

Year of recruitment	Demand placed on UPSC	Candidates offered appointment by UPSC	No. of officers joined
1977	55	17	13
1978	30	23	10
1979	25	3	1
1980	15		..
1981	10		.. (Intimation/action taken by UPSC awaited)

6.22 The Ministry have further stated that the unattractiveness of the MES as a Service for new entrants through UPSC is partly due to poor/uncertain career prospects and partly due to the fact that any work connected with the services means difficult areas. These are now being examined in all their aspects and the cadre review proposals aim for better promotional opportunities for civilian officers and include reserves for Probation/Leave/Training/Deputation. These are now under consideration of the Ministry.

6.23 Asked about the reasons for this dismal position, the witness replied “It is because of unattractive Cadres. This should be rectified.”

6.24. In another memorandum to the Committee it has been stated that very few candidates at UPSC opt for MES. The main reason is that whereas in PWD or Railways, every new entrant can hope to rise to the highest level in the department, depending entirely on his seniority coupled with personal ability, in MES, the promotion is open only upto the level of Superintending Engineer because upto the level grade there is parity between the Civilians and the Military Cadres. Beyond that grade, the vast majority of promotions are from the Military cadres & civilians get a very small number of appointments. In a written reply the Ministry have stated that all appointments upto the level of Chief Engineers (except Command CEs) are at present tenable by civilians. Due to the functional requirements of the posts of Command CEs and DGH their appointment cannot be filled in by civilian officer.

### *Cadre Management*

6.25 It has been represented to the Estimates Committee that the MES Class "T" service was constituted in 1947 but rules were made much later. In the meantime, recruitment in contravention of the rules continued and has now produced a very awkward situation. But even now it is not too late to relent and comply with judicial interpretation of the highest authority and put MES cadre in order once for all, but E-in-C's Branch does not appear to be in any mood to rectify the error.

6.26 In a written reply the Ministry have stated that the cadre management of the MES has not been as good as it should have been with attendant consequences like Court cases in the matter of relative seniority or different types of recruits into the service. The need for strengthening the administration with a view to ensure satisfactory cadre management in conformity with a clear policy as per Government orders and rules has been realised and measures to achieve the above ends are expected to be instituted as early as possible.

6.27 In a memorandum it has been stated that the promotional prospects of Civilian officers are very bleak, for instance in Engineer Cadre the Officers in Junior Time Scale are held up for 10-12 years whereas in other Class I (Group A) Services the Officers are promoted to JAG grade in 10-12 years. Similarly officers are promoted for JAG grade in 18-20 years against 10/12 years SAG II in 30-32 years against 20/22 years and SAG I in over 35 years service against 22-24 in other services.

6.28 The Ministry have stated in a written reply one of the chief aims of the Cadre Review Proposals under consideration of the

Ministry is to bring some parity in promotional prospects and number of years at each level in the MES with those prevailing in other engineering departments like Railways, TEs and CPWD. Such parity is not possible of achievement with a single cadre review but is hoped to be achieved over the next few years.

(B) *Civilians vis-a-vis Army Officers*

6.29 It was stated in memorandum that:—

“There is considerable heart-burning in the mind of the officers who join the works service at earlier stages and have a longer spell in the MES. They feel that for promotions they stand to disadvantage vis-a-vis their counterparts who serve in troops at junior and middle level appointments. They find that those officers who have served the troops have much better prospects for promotion to Colonels, Brigadiers and Maj. Generals because the selection Boards give weightage in their favour.”

6.30 A former Engineer-in-Chief stated before the Committee that “it is absolutely true that there is acute stagnation amongst the civil engineers in MES. “Stagnation among armed force is even more acute.”

6.31 The representatives of the Civilian Officers Association stated that “it is not correct that career prospects of civilian personnel are better than those of military officers. In fact, our argument is that their career prospects are worse. We know that military officers at a particular level will go up at a higher rate. In CPWD, Railways and P&T, the career prospects are better compared to MES officers. The career prospects of Central Engineering Service are very much better.”

6.32 During his evidence, the E-in-C stated that “the criteria for selection at the Lt. Col, CWE etc. level have been laid down and we have not faced such problems. The basis of selection of these officers is on the basis of their performance in the Command whether with troops or the MES.”

In a note, the Ministry has stated the qualitative requirements are laid down for various selection ranks and these form the guidelines for the Selection Boards at Major level. A field Company Commander which is a troops appointment and a Garrison Engineer are placed at par as criteria appointments. Similarly, at Lt. Col's level, an officer commanding Engineer Regiment which is a troops appointment and Commander Works Engineers are placed at par

criteria appointments. It is incorrect to state that the Selection Boards give different weightage to these two appointments. Officers are considered on merits as soon from the Confidential Reports the Selection Boards assess their witness for promotion.

6.33 The promotional prospects of civilian officers vis-a-vis military are as indicated in the table below:—

### MILITARY

S.No.	Rank	Auth	% age of promotion	Service Range
1	Capt./Sub	2166	..	..
2	Major	1221	100%	12 to 13 yrs.
3	Lt. Col.	297	32%	18 yrs.
4	Brig.	63	21%	25 to 26 yrs.

### CIVILIAN

Existing as at present

S.No.	Rank	Auth	% age of promotion	Service Range
1	AEE	345	..	..
2	EE	322	94%	12 yrs.
3	SE	95	33%	20 yrs.
4	CE	5	6%	25-26 yrs.

### AFTER APPROVAL OF CADRE REVIEW

1	AEE	250	..	..
2	EE	435	100%	..
3	SE	154	35%	..
4	CE & above	15	11%	1 Addl. DSW 7 SAG (Pay scale Maj.Gen)

6.34 At the instance of the Committee, the Ministry furnished the following statement indicating the break up of the number of Army and Civilian Officers, designation-wise, in the MES Organisation:—

A ppointments/Rcrk	Authorised			Actuals		
	Civ.	Mil.	Total	Civ.	Mil.	Total
Maj. Gen DGW/CE Comds	..	6	6	6	6	6
CE/Brig	4	31	35	3	29	32
Add. CE/Col.	7	32	39	7	20	27
CE/Lt Col/PBSO	98	98	196	85	109	194
EE/Maj/IEM	355	354	709	279	421	700
AEE/IEM/Capt.	401	401	802	375	316	691
AE/Sub Maj/CH	473	236	709	461	128	589
CSW	1	..	1	1	..	1
SSW/Lt Col.	20	6	26	26	..	26
SW/Maj.	105	35	140	67	8	75
ASW/Capt.	134	..	134	42	1	43
CA	1	..	1	1	..	1
Senior Arch/Lt. Col.	24	6	30	28	..	28
Arch/Maj.	40	10	50	47	3	50
Dy. Arch/Capt.	39	9	48	14	14	28
Asstt. Arch.	130	..	130	96	..	96
SBSO/Maj.	64	32	96	34	37	71
BSO/Capt.	173	86	259	215	20	235

SAO <sub>1</sub> . . . . .	15	3	18	10	..	10
AO I . . . . .	29	14	43	43	..	43
AO 2 . . . . .	153		153	83	..	83
CASO . . . . .	6	..	6	6	..	6
				1923	1112	3035



### Higher Appointment for Civilian Officers in MES

6.35 It was suggested in a memorandum that 3 Senior Appointments of Additional DGW in the pay scale of Rs. 3000/- be created and at least two out of four senior posts, DGW and three Addl. DGWs should be made available to the Civilians.

6.36 It has been stated by Ministry in a written reply that based on the work load and large span of control, suitable proposals in this regard are under consideration as a part of the cadre review proposals.

6.37 It was also represented to the Committee that in peace areas, all Zonal Chief Engineers should be civilians. During evidence the E-in-C stated that "the Chief Engineers are really posted on functional basis. At important Air Force and military installation, the posts are allotted on the basis of their function and requirement."

### Pay scales of MES Civilian Officers and PWD Engineers

6.38 It was submitted to the Committee in a memorandum that a reform that was long over due was that the pay of civilian Addl. Chief Engineers and Chief Engineer was some what pegged down to the pay of Colonel and Brigadier in the Army rather than that of level 1 and 2 Chief Engineers of the PWD. The qualification and criteria for the posts are identical to those in the PWDs and yet pays are much lower."

6.39 The Ministry stated that "As at present what is stated above is correct. In the latest cadre review proposals under examination by the Ministry, the pay scales are based on Civilian Cadre structures in Govt. of India (SAG Levels I and II). If the proposals are approved, 50 per cent of the Civilian Chief Engineers will draw pay equal to Brigadier and 50 per cent that of Maj. Gen. It, however, will not confer the higher equivalent rank on them as services are governed by the rank structure as against pay structure for Civilian Officers."

### CE as Head of the Department

6.40 In all civil departments the officers of CE level I and level II are treated as Head of Department and exercise powers of Head of Department. thereby they get great flexibility of work and reduced paper work. In the MES, however, it was brought to the Committee's notice that the CEs have not been declared Head of Department. It was suggested that the DSR should be amended to include the Chief Engineers as Head of Department.

6.41 In a written reply, the Ministry of Defence stated that Head of Department as defined in para 2(e) of "The delegation of Financial powers Rules 1958" is given below:—

"Head of Department in relation to an office or offices under its administrative control means an authority as specified in Schedule I to these rules and includes such authority or person whom the President may, by order, specify as Head of a Department."

The Schedule I referred to above does not include even E-in-C. There is no question of inclusion of Chief Engineers in the said schedule. The present system is based on functional necessity.

In the case of CPWD and P & T, Zonal CE's have been designated as Head of Department for the purposes as mentioned above.

During evidence, the E-in-C stated that "We are examining the question."

Stagnation of Staff in Grade I & II

6.42 Stagnation in various grades of subordinate staff was brought to the Committee's notice in a number of memoranda. Committee's attention was particularly invited to the following matters:—

- (a) the 3rd Pay Commission had worked out promotional prospects at 2.2 per cent in MES against 22 per cent in P&T and other sister departments (The present rate of promotion is much less). In the last nine years 92 Grade I have been promoted to Assistant Engineers.
- (b) Qualified young Engineers who joined as far back as in 1962 are still rotting at the same non-Gazetted post of Grade I and II where they initially joined the service with absolutely no ray of hope for better prospects, whereas their professional colleagues in sister Engineering Departments are Senior Executive Engineers or Supdtg. Engineers.
- (c) Most of the Supdts/SA. Grade I had reached their maximum of scale of pay in 1972 in the old pay scale of Rs. 335/- to 485/- (10 years span) and about 60 per cent of them were fixed at maximum of their new scale of Rs. 550—750/- (9 years span) as recommended by 3rd Pay Commission. They thus started stagnating right from 1973 the year of implementation of report of the 3rd Pay Commission. At present about 97 per cent of Grade I are stagnating without Annual Increment for the last many years (upto 8 years).

Whereas other similar categories in other sister Departments were granted pay scale of Rs. 550—900/- with the revision of their old pay scale Rs. 335—485/- Grade I in MES were granted pay scale of Rs. 550—750/-. Numerous representations at all levels have not so far yielded any results.

Even Grade IIs in the Pay scale of Rs. 425—700/- have now started stagnating, with the no ray of hope in future. Their line of promotion is Grade I and the maximum of Grade I pay scale is Rs. 750/- that means Grade IIs shall also stagnate at the maximum of pay scale through out their life.

6.43 It has been stated the following factors are responsible for this position:

- (i) There is no career planning at all. The head of the organisation being from Corps of Engineers his basic interest lies with the welfare of men in uniform.
- (ii) Induction through UPSC.
- (iii) Militarisation of Cadre. (Induction of 50 per cent at officers level and 33.1/3 per cent at subordinate).
- (iv) Improper representation in pay commission and other central bodies.

6.44 The following suggestions were made in the memoranda to deal with question of stagnation of Grade I and II.

- (i) Revision of long overdue pay scale of Supdt. Grade to a justified level Rs. of 550—900/- in lieu of Rs. 550—750/-.
- ii) Complete cadre review to ensure maximum of 3 promotions in one's service cadre.
- (iii) The post of AE should be purely manned by Civilians in accordance with Govt. of India order and Subedar Majors inducted against this post should be withdrawn.
- (iv) Time scale financial and career promotions should be introduced.
- (v) Store management should be entrusted to Engineers.

6.45 The Ministry of Defence commented on these issues as follows:—

The post of AE came into force in 1977. The Screening Committee for selecting Charge-holders for conversion to AE was held in March 1978 and 252 were converted to AE status, out of a total of

359. Thereafter, 193 officers were promoted to the post of AE by various DPCs.

6.46 There is a case for removal of stagnation for Grades I in the MES. Measures to remedy the situation are being actively pursued.

6.47 The Ministry are also considering the revision of pay scale of Grade Is. from Rs. 425—700 to Rs. 530—900 to keep them in level with that of Junior Engineers in the CPWD. This will eliminate the problem to a great extent.

Cadre at the moment caters for three promotions as indicated, viz

Grade II	to	Grade I
Grade I	to	AE
AE	to	EE

One third of AEE B/R and E/M are to be held by Sub Majors (CH). At present we are holding 128 Sub Majors against the allocation of 237. A number of qualified Subedars are available for promotion to Sub Majors (CH), for which DPC is being held. Therefore, the question of Sub Majors holding the appointment for Civ. AEs does not arise and the vacancies of Sub Majors cannot be diverted to civil quota.

#### Merger of Grade I and II Engineers

6.48 It was represented to the Committee in a separate memorandum that, "Graduate Engineers join MES as Grade I and diploma holders as Grade IIs equivalent to Junior Engineers in other sister departments and Supdt. Grade I is their next line of promotion which is again a class III post. unlike other sister organisations where Junior Engineers are promoted directly to the post of Assistant Engineer (Class IIO or Assistant Executive Engineer (Class I)."

Dealing with this matter in evidence the Engineer-in-Chief stated that "in the MES, we have got two grades. For Grade I, 80 per cent is by promotion from Grade II and 20 per cent by direct entry from graduates. For Grade II, it is 50 per cent by promotion and 50 per cent by direct entry from diploma-holders. The CPWD has got only one scale. It is under consideration whether we cannot go in for a merged cadre if it is beneficial to our subordinate staff. There is also stagnation in the sense that there are people in Grade II who have put in a number of years of service and they have not yet been promoted to Grade I. We are going into the question whether we cannot go in for one scale by merging the two grades as in the CPWD."

## Class II Service

6.40 It was stated in another memorandum that creation of Class II Service was a retrograde step. It is a solution worse than the disease. It has reduced the quota of Class I and this has not enhanced the image of service. In a written reply, the Ministry stated as follows:—

Creation of Class II Services in Engineer Cadre in MES was not a retrograde step. The AE Class II (Gazetted) Service was created to improve the career prospects and service conditions of Supdt. Gde I who were stagnating for a long period. The constitution of the Class II service in the MES in 1977 helped in promoting 352 nos. Supdt. Grade I out of 359 nos. who were stagnating to AE Class II).

6.50 Initially the AE posts were filled by converting the Charge Holders through a screening committee. In the next phase, Supdt. Grade I have been promoted to AEs. It would be appreciated that the persons who are being promoted to AEs have put in 17 years service or more, were stagnating as Grade I. Creation of Class II posts has offered reasonable avenues for promotion to qualified staff of the engineer cadre. This step has been taken with the aim for better motivation of the working of the staff and hence is a progressive step and not retrograde. This will not in any way impair the promotional prospects of Asstt. Executive Class I, nor will it have an adverse effect on the functional efficiency of the organisation.

It may also be added in this connection, that other engineering departments like CPWD and Railways have Asstt. Engineers Class II in their cadre.

6.51 It was represented in another memorandum that the promotion of subordinates is very low and there is great frustration among the staff.

6.52 The Ministry explained the position as under:—

“During the period 1972 to 1980, Departmental Promotion Committees could not be held on account of Writ Petitions filed by the employees on the question of Zone of consideration and fixing of interse seniority. However, the Court cases have since been finalised and DPCs are now being held regularly. There is a case of frustration among the Supdts. Gde I many of whom have reached their maximum and will do so for sometime. We are considering methods is to ease this situation.”

6.53 Asked about the steps taken to remove frustration among the staff the Ministry stated that "Promotions are done as per the Recruitment Rules which are of statutory nature. In order to examine the structure of the MES subordinates and to review the promotional avenues for them, the Recruitment Rules are under review by various sub-committees for various cadres for finalisation of changes under the Director General of Works."

#### *Merger/Demerger of SW Cadres*

6.54 It has been stated in a memorandum that the cadres of SW and Engineer are separate cadres. In 1965 it was decided to merge them into the Engineer Cadre upto level of AEE/SW. It has again been decided in 1980 to demerge the Cadres. Both these have created lot of problems amongst the affected officers and problems are yet to be sorted out.

6.55 Explaining the position, the E-in-C stated in evidence that "it is a fact that the executive and survey cadres were merged in 1963 upto ASW level. In 1980, it was decided to demerge the two cadres. At that time, it was decided to de-merge them notwithstanding the merger having been effective from 1963. As a result of the decision for de-merger, a lot of problems have to be sorted out. These are rather complicated matters because there are some court cases also. We are trying to work out the details. I have requested my colleagues to sit with the representatives from the Personnel Department and the UPSC and settle the issues relating to seniority. When the merger took place, some people did not opt for merger. There is a problem as to what will happen to their seniority. There is a problem how to merge and decide the seniority for those who now wish to come back vis-a-vis those who want to remain there. I admit that there has been delay. I have suggested that they should meet as a group and try to resolve the issues in the next few months.

#### *Merger of Non-Technical and Technical Cadre*

6.56 It was stated in a memorandum that "non-technical personnel are getting regular promotion every year and an individual who joined as storekeeper Grade II gets minimum 5 promotions and becomes Class II Gazetted or senior Class I in his total span of service. But an engineer in the department seldom gets promotion."

6.57 In another memorandum, it was represented to the Committee that "MES is the only department where Technical, Store management is in the hands of non-technical persons. This not only

affects the efficiency but also induces frustration in technically qualified persons, when they find that one time their subordinates (Storemen etc.) are bossing over them after getting quicker promotions whereas there is adute stagnation in Engineering cadres. This is also in conformity with the report submitted by the Work Study Team, whose report has presently been shelved. It has been suggested that Store Management should be entrusted to Engineers."

6.58 It was stated in another memorandum to the Committee that "non-posting of engineering personnel on Store or Personnel engineering personnel on Store or Personnel duties is a retrograde step and has adversely affected the efficiency of MES."

6.59 The Ministry however, stated that "It is a fact that non-engineers are not employed on stores duties in any other organisations such as CPWD and Railways department. Unlike these services, the MES has revenue functions in respect of all Stations and also the responsibility to provide furniture to the services. The Barrack and Stores cadres was therefore, created in 1951 in the MES to carry out such Barrack, Stores and Furniture duties. It would be appreciated that at that time heavy ~~so~~ ~~type~~ of technical personnel was prevalent and they could not be assigned these duties. There is however, a need for re-examining the entire question and carrying out a review of the furniture and stores cadre after indepth study of all aspects and its interface with the Engineer Cadre."

6.60 Dealing with the point in evidence the E-in-C stated that "In the MES, in addition to technical stores management, they have also to perform certain other duties which the CPWD people have not to do. The CPWD generally look after only the technical stores management. The Works study teak has recommended that the work relating to stores management should be entrusted to technical personnel. We agree with the suggestion in principle. We are working out the details to see how to separate the work and implement it."

#### *Deputation posts*

6.61 It has been stated in a memorandum that "MES is neglected in the number of deputation posts it gets. At present hardly 5 civilian officers are on deputation out of 641 Group 'A' officers. Whereas CPWD and other established engineering Services have 30 to 40 per cent of their officers in senior grades on deputation.

There is no cell in Ministry of Defence or E-in-C Branch to keep a watch over this."

6.62 During evidence, the E-in-C stated that the position stated above was undoubtedly true. "The total number of deputation today in the MES is 31 and this figure is substantially lower than that in the CPWD. I think the reason is that the sponsoring authority is the Works and Housing Ministry. Therefore, they have the advantage of direct action."

(C) *Personnel Management*

6.63 It was stated in a memorandum that:—

"One of the reasons for poor personnel administration is that the Director of Personnel has always been a military officer and often with no knowledge and experience of the MES problems. This reason and the lack of involvement and sympathy he has for the civilians has resulted in accumulation of numerous problems. We strongly urge that the Director of Personnel dealing with the Civilians, col (Pers)/SO under him, should be Civilian officers, who understand the problem of civilians and have a will and commitment to pursue and solve them instead of saying what can we do if your ministry and finance have turned it down."

6.64 Asked to comment on the proposal to have a civilian Director of Personnel and other supporting staff, the E-in-C stated in evidence that "the cadre review proposals include the creation of a post of Additional Director of Personnel (Civilian) in the rank of Additional Chief Engineer. The intention is to take care of the problem mentioned."

(D) *Accommodation for Civilians*

*Accommodations for civilians*

6.65 The Accommodation position for Civilian Officers and staff is stated to be acute at almost all the places. At many places, there is no private accommodation which the civilians can even take on rent and they are not entitled to any accommodation from the station quota. In this regard it has been suggested that a separate fund should be provided for construction of accommodation for Civilians, say, 1 per cent of works budget—to be administered by Zonal Chief Engineers and E-in-C.

6.66 During evidence the representative of the Civilian Officers Association stated "although there is a lot of accommodation in the stations, MES officers are not registered for providing accommodation in station pool. Although as per the Government letter of 7th August, 1947 they should have been brought on station pool



but they are out of the pool and mostly they have to fend for themselves. In some stations, a few people through their own influence get substandard accommodation which is not accepted by anybody else. There is no comparison with CPWD because all the nine Chief Engineers of CPWD are located in stations like Delhi, western zone at Bombay, eastern zone at Calcutta and southern zone at Madras, where there is Central Government Officers' pool of accommodation. So, 90 to 95 per cent of the CWD officers are covered by Central Government pool. MES has got 10 Chief Engineers, but they are all located at places where there is no Central Government Pool of accommodation, like Pune, Lucknow, Shillong, Bhatinda and Chandigarh. Railways P&T and Income-tax departments have built housing colonies for their staff. I do not know whether they are linked into the budget or not." The witness added "Ordnance factories have their own pool. R&D organisation have their own pool. Defence Quality Assurance have their own pool. But we are only interested in getting accommodation for us; we are not concerned with how we get it."

6.67 In a written reply the Ministry has stated that the authorisation for accommodation for civilian officers has at no stage been withdrawn but actual position of accommodation at all station and upto 100 per cent has not been possible over the years on account of continuing shortage of accommodation for service officers and economic constraints. Accommodation for civilian in MES is authorised at present only in certain specified stations to the limit of 15 per cent of the authorised strength of civilians at that station. These however have not been built. A proposal to construct accommodation for civilians in a number of stations is at the moment under consideration.

6.68 During evidence, the E-in-C stated that:—

"According to present rule, the position is that the civilians in the MES and those who have specific appointment such as the G.E. in formation head-quarters etc., are entitled to accommodation from the station pool. As far as key personnel manning the MES are concerned, they have to be provided with accommodation. All civilian staff can only be accommodated if there is surplus to defence requirements."

He added that:—

"Overall, we know, the all-India position. Roughly, fifty per cent of married accommodation is still deficient in defence. There are very few stations where accommodation is surplus. In many cases accommodation has to be hired. In Calcutta and Allahabad civilian officers in

the MES are permitted by the Government to occupy such hired accommodation. But, against this, there is a real problem. In many stations, for the civilians accommodation is not available. So, we have taken up a case and the QMG has cleared it. It is under consideration by the Ministry. One per cent of the Defence works budget—border areas—approximately should be set apart specifically for construction of accommodation for the civilian personnel. If this is agreed to, then, I think the staff in eight to ten years' time, the civilian staff, should be able to get the accommodation."

Defence Secretary stated that:—

"As per the present rules, the Civilian employees have to depend upon the Government of India Pool of accommodation that is available in various places. They do not get special facilities or they do not participate in the Special Pool accommodation which is available for the Defence Services. This is the policy as it stands today; we are trying to see whether it is possible to have hired accommodation; wherever Government accommodation is not available, the hired accommodation facility can be extended to them. We shall have to consult our colleagues in the Finance Ministry. We shall do that."

### *Evaluation of Performance*

6.69 It was stated by the Ministry that no specific study on evaluation of performance of MES vis-a-vis staff employed or job analysis or O & M study had been carried out.

6.70 The Committee asked if the Ministry did not feel that there was a need for such a study in order to ensure efficient working of the organisation and rationalising the work load.

6.71 The Defence Secretary stated during evidence that "Two work studies were carried out very recently by our Works Study Cell in the Engineer-in-Chief Branch. One has been received and it is under study. Another study was made on organisation and staffing pattern of Commands and Zones. I fully agree that there is a need for an overall review. Most of our regulations and procedures have dated back to 30-35 years. We have grown tremendously in the works that we are handling in nature, range as well as quantum. I shall certainly go into it."

6.72 MES is at present a composite organisation with a judicious blend of civilian and military personnel at various levels. The Committee have gone into the suggestions made to it for complete civilianisation and complete militarisation of this service. After considering pros and cons of the matter, the Committee feel that the present composite character of the service is best suited for an organisation like MES. (S. No. 70)

6.73 Though MES is meant to carry out and it actually carries out engineering works of all the three services, there is a separate organisation namely, Naval Dockyards Works which also handles some naval works. The Committee have not been able to appreciate the need for two parallel engineering organisations working for the Navy. It can, at a moment of weakness of authorities, give rise to an unwholesome idea of a separate organisation for Air Force also. The Committee would suggest that the Ministry should independently examine the rationale of having Naval Dockyards Works as an organisation separate from MES. Even if it has to function as a separate specialist unit, there should be no difficulty in placing it under the administrative and operational control of E-in-C. (S. No. 71)

6.74 Former Engineers-in-Chief have expressed a view that for optimum utilisation of its capacity in peace as well as war, Border Roads Organisation should also be placed under the control of E-in-C. For lack of full facts the Committee are not in a position to offer comments on this view. They would, however, like that this matter should be critically studied by an inter-Ministerial expert body and decision taken in the interest of the most economic and efficient use of the engineering resources and talents of the two organisations.

6.75 The MES establishment as far as the executive formations are concerned is based each year on the computed workload. There is considerable delay in sanction of MES establishment under this norm resulting in additional pressure on the available staff. Defence Secretary admitted in evidence that the time taken in this exercise was about 6—8 months and that "I want to see that it is done in six weeks". Surprisingly after the evidence, the Ministry informed the Committee in a note that steps have been taken to reduce the period from 4—8 months at present to about 3 months. This is not much of an improvement and in fact quite disappointing when viewed against the undertaking given by Defence Secretary to the Committee. The Committee would urge the Ministry to cut down the period for sanctioning MES establishment from year to year to not more than 6 weeks, if not one month. (S. No. 72)

6.76 There is a good deal of shortage in officers strength in the MES, the average shortage being approximately 20 per cent. The Committee are unhappy to note that DPCs have been delayed for administrative reasons to fill up some of the posts. The Committee would like the Ministry to look into this matter and take necessary action to make up the shortage of officers in various levels as early as possible. The Ministry should also ensure that DPCs and recruitment exercises are not delayed in future. (S. No. 73)

6.77 The Committee find that at times service officers without any previous work experience are appointed Zonal Chief Engineers. At present there are 8 such officers out of 35 Chief Engineers and officers of equivalent ranks working in MES. A former Engineer-in-Chief and others have expressed a view that the practice of posting senior military officers of the rank of Brigadier and above to works appointment when they have had no previous experience of works either in the MES or in the Border Road Organisation should be discouraged. The Ministry has, however, sought to justify such appointments on the ground that those commanding troops acquire enough experience of operational works to be able to handle the job of Chief Engineer in MES. The Committee do not agree with this view. They feel that in the interest of the efficiency of the MES department where a Chief Engineer is expected to have mastery of rules and regulations and the difficult art of technical administration of contracts from the very day he takes up his appointment, only such officers as have had previous experience in MES or similar other engineering organisation should be appointed as Chief Engineers or Additional Chief Engineers. The Committee would like the Ministry to issue necessary guidelines in this regard. (S. No. 74)

6.78 There is great frustration among civilian officers and subordinate staff in MES. Civilian officers have fewer chances of promotion vis-a-vis army officers in various grades. Subordinate staff in Grade-I and Grade-II have been stagnating for long periods. Career prospects for civilian officers as well as subordinates are very dismal in MES as compared to other engineering organisations like CPWD, P&T and Railways, etc.

Unattractiveness of MES as a service for new entrants through UPSC is a fact admitted by the Ministry. It is unattractive because of poor and uncertain career prospects. The Committee find that as against a demand placed on UPSC for 55 engineers in 1977, 30 in 1978, 25 in 1979, 15 in 1980 and 10 in 1981 only 1723 and 3 were offered appointments in 1977, 78 and 79 and out of them only 13,10

and 1 joined MES respectively in these years. None was offered appointment in 1980 and the position in 1981 is not yet clear.

6.79 The Committee cannot but express their unhappiness over such a steep decline in the image of MES in the eyes of qualified engineers. What has pained them more is the fact that this state of affairs has been allowed to continue for such a long time without any remedial action and it is only now that a much belated cadre review has been undertaken.

6.80 The Committee would urge that the cadre review now undertaken by the Ministry with the object of battering promotional opportunities and bringing some parity in promotional prospects in MES with those prevailing in other engineering departments like Railways, CPWD, etc. should be completed without delay. The Committee would like that the cadre review should go far enough to make service in MES attractive to new engineers and give the officers and subordinate staff in MES prospects comparable with those enjoyed by their counterparts in other civilian organisations. They would like to be apprised of the progress made in this regard within 6 months.

(S. No. 75)

6.81 The Committee find that even though the Ministry is conscious of the need for creating a reserve of officers for leave, training, probation, deputation, etc. it has not been able to create such a reserve of officers because MES has not been able to attract enough qualified direct recruits. The absence of a reserve of officers is sure to result in a shortage in the effective strength of engineering officers with consequential impact on the efficiency of the Department. The Committee would urge the Ministry to take necessary steps to build up a reserve of officers at the earliest and to maintain it in the interest of the Department's efficiency.

(Sl. No. 76)

6.82 The civilian officers of MES appear to be nourishing a grievance that they are not able to go beyond the level of superintending Engineer in MES. The Ministry has stated that all appointments upto the level of Chief Engineers (except Command Chief Engineers) are at present tenable by civilians. The Committee find that this is not so in actual practice. From the information furnished by the Ministry they note that only a very small percentage of higher posts are open to civilian engineers. Out of an authorised strength of 35 Chief Engineers (other than Command Chief Engineers) only 4 are earmarked for civilian officers, out of 39 Additional Chief Engineers, only 7 are meant for civilians. Even though appointments upto the rank of Lt. Col./SE are to be held by military and

civilian officers in the ratio of 50:50, the Committee find that there are only 85 civilian SE's in position as against 109 military officers in equivalent rank. Similarly in the category of Executive Engineers, as against 421 military officers, there are only 229 civilian officers. These figures go to show that the civilian officers are not getting their due nor can it be said that as stated by the Ministry all appointments up to the level of Chief Engineers (except Command Chief Engineers) are open to civilian officers. The Committee, therefore, feel that the civilian officers' grievance is not without basis. They would like the Ministry to go into this matter and give civilian officers their due. (Sl. No. 77)

6.83 The Committee regret to note that cadre management of MES has remained neglected ever since 1947 when the service was constituted. What disturbs the Committee more is that even the Ministry had not thought it necessary to do anything in the matter so far and it is only now that the Ministry has realised the need for strengthening the administration, with a view to ensuring satisfactory cadre management. The Committee cannot but express their unhappiness at the apathy on the part of MES and the Ministry towards this important aspect of an organisation. The Committee urge the Ministry to spare no effort to strengthen personnel management in MES so as to rectify the sorry state of affairs as is obtaining there at present. (Sl. No. 78)

6.84 There is a feeling prevailing among civilian engineers in MES that their career advancement is slower as compared to that of military officers. The Committee find that career prospects of civilian officers are proposed to be improved under the cadre review proposals which, inter alia, envisage increase of civilian Chief Engineers, posts from 5 to 15 of whom 8 will be in Maj. Gen's scale. This is a welcome development. Even if the career prospects of officers belonging to two different cadres are, strictly speaking, not comparable, the feeling of frustration among civilian officers can be avoided if their career prospects are at least made broadly comparable to those of their counterparts in other civilian organisations like CPWD, P&T & Railways. The Committee hope that the cadre review which is under way will take care of the legitimate aspirations of civilian officers in this respect. (S. No. 79)

6.85 The Committee would like to suggest in this context that in making appointments of military and civilian officers in MES, care should be taken to see that, as far as possible a civilian officer is not placed in a directly subordinate position to a military officer who

might have in his earlier career worked under the former in any capacity. (S. No. 80)

6.86 The Committee take note of the Ministry's statement that suitable proposals to create higher posts above CE's level are under consideration of the Government as a part of the cadre review. (S. No. 81)

6.87 The Committee are surprised to learn that at present the pay of civilian additional Chief Engineers and Chief Engineers is pegged down to the level of pay of Colonel and Brigadier in the Army rather than to that of level I and II Chief Engineers of P.W.D. The Committee are informed that in the latest Cadre Review, proposals are under examination to rectify this anomaly and if approved 50 per cent of civilian Chief Engineers will draw pay equal to Brig. and 50 per cent that of Major-General. The Committee expect an early decision on these proposals.

6.88. The Committee also expect that the question of designating civilian Chief Engineers in the MES as head of Department in CPWD and P&T will be examined and finalised early. (S. No. 82)

6.89. It is seen from the memoranda received by the Committee that qualified engineers who joined as far back as 1962 in non-gazetted Grade I and II posts are still stagnating in the same scales even after so many years. The Ministry has also admitted that officials have been working in Grade I and II for long years without any promotion and Superintendent Grade I are stuck at the maximum of the scale for many years. The Ministry, it is stated, is considering measures to remedy the situation. The Ministry is also considering revision of pay scales of Grade I from 425—700 to 530—900 to keep them in level with junior engineers in CPWD. The screening Committee for selecting Charge holders for conversion to Assistant Engineers was held in March, 1978 and 352 persons were converted to AE status, out of a total of 359. Thereafter 193 officers were promoted to the post of AE by various Departmental Promotion Committee. During the period 1972—1980 Departmental Promotion Committees were not held on account of court cases which have since been finalised and DPCs, it is stated, are being held regularly. In order to examine the structure of MES subordinates and review promotional avenues, the recruitment rules are under review by various Sub-Committees for various cadres for finalisation of changes under the Director-General of Works.

6.90. The Committee are deeply pained to see the widespread frustration among non-Gazetted officials of MES. They are more pained by the indifference shown by the Ministry to their plight and its inaction, for so long. Superintendents Grade I and II are the backbone of the Department and, needless to say, frustration in their ranks is sure to have affected the efficiency of the Department. The Committee note that, at long last, the Ministry has swung into action to remedy the situation. In the Committee's opinion ad hoc piecemeal measures are not going to provide lasting solutions to the problem. What is needed is a Cadre review in the case of non-gazetted staff also and thorough review of the recruitment and promotion rules with a view to providing adequate avenues of promotion and guarding against stagnation at any stage. The Committee would like to be informed of the action taken in the matter within next six months. (S. No. 83)

6.91 The Committee note that MES proposes to merge Grade I and II and have one scale like that in the CPWD. This is a welcome measure and should be implemented without delay.

6.92. The suggestion made to the Committee that technical hands joining in non-gazetted posts should be ensured of at least 3 promotions in their service career is reasonable and merits sympathetic consideration. The Committee hope that Cadre review, as recommended by them in earlier paragraph, would be done with this objective in view. (S. No. 84)

6.93. In the past there has been delay in holding DPCs. During the period 1972—80 no DPC was held. Now with the court cases have been settled, the Committee hope that DPCs would be held regularly in future and the MES staff awaiting promotion will not have to wait indefinitely for their advancement. (S. No. 85)

6.94. The Committee feel that the MES Organisation should have an institutional arrangement to have across the table dialogue with the Civilian personnel with a view to understanding their problems and finding solutions by collective discussions. They would recommend setting up of such a forum at an early date. (S. No. 86)

6.95. The Committee find that the Ministry is fully aware of the numerous problems of seniority etc. created by merger of executive and survey cadres of MES in 1963 and their subsequent de-merger in 1980. The Committee trust that the Ministry will resolve the problems in the most fair and just manner and without delay so as



to give maximum satisfaction to the officers involved in this process.  
(Sl. No. 87)

6.96. Unlike CPWD, the Stores management in MES is in the hands of non-technical staff. The Ministry has accepted the recommendation made by the Works Study team that stores management in MES should be entrusted to technical hands. The Committee expect a early implementation of the decision. (Sl. No. 88)

6.97. The Ministry has admitted that MES is not getting due share of deputation posts for its officers and the number of MES officers on deputation outside is substantially lower than that in CPWD. This imbalance should be rectified. (Sl. No. 89)

6.98 The Committee are glad to note that the Ministry has accepted the need to create a post of Additional Director of Personnel to take care of the problems of civilian officers and staff and has included this post in the cadre review proposals. This will meet a deeply felt need of the civilian staff. (Sl. No. 90)

6.99. Residential accommodation is posing a big problem to the Civilian Officers and staff of MES. Its acuteness has been recognised by the Ministry. To solve the problem, the Ministry is considering a proposal to set apart about one per cent of the Defence Works Budget for construction of accommodation for civilian personnel. This is a welcome measure and should be implemented expeditiously. But construction of residential accommodation under this proposal will take 8—10 years to materialise. The Committee urge the Ministry to find an interim solution to the problem especially at stations where the civilian personnel is large and there is no Government pool of accommodation. Where private accommodation is available, the Ministry should either hire suitable accommodation and allot it to the civilian personnel or allow them to hire out such private accommodation direct and subsidise the rent as it does for Defence personnel. (Sl. No. 91)

6.100 Where there is no private accommodation available and this would be the position at various remote places, the Ministry should make MES personnel eligible for station pool accommodation. Meeting the essential needs of Civilian personnel at such places is not only necessary on human considerations but also imperative for speedy execution of MES projects. (Sl. No. 92)

6.191. The Committee are glad to note that the Ministry has acknowledged the need for an overall evaluation of the performance of MES with particular reference to the age-old procedures and regulations obtaining in the Department. This should be undertaken early and follow-up action taken to make MES a more-streamlined organisation capable of executing works with utmost efficiency and economy. .. (S. No. 93)

S. B. P. PATTABHI RAMA RAO,  
 Chairman,  
 Estimates Committee.

NEW DELHI;  
 March , 1982. ..  
 Chaitra , 1904 (Saka) ..

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## APPENDIX

### SUMMARY OF RECOMMENDATIONS/OBSERVATIONS

S. No.	Para No. of the Report	Recommendations/Observation
1	2	3
1	1.10	In the Committee's opinion, the power given to an Accepting Officer to refuse to issue tender documents to an eligible applicant, without telling him the reasons for refusal, has seeds of arbitrariness and is liable to be misused. The opportunity given to the party concerned to be heard in such a case has no meaning unless he knows the reasons for which tender documents have been refused. The Committee would like that the Ministry should review this procedure and, consistent with the need to have defence works executed without unnecessary delay or dispute, make it fair and just so as to avoid any likelihood of misuse of powers by Accepting Officers.
2	1.11	Pending review of the procedure, the Accepting Officers should be directed to intimate all such cases of refusal to issue tender documents together with reasons therefor to their next higher officers who should satisfy themselves that the power has been exercised fairly and justly with due regard to rules of natural justice.
3	1.12	The Committee would like the Ministry to study the 111 and 112 cases of refusal of tender documents in 1979-80 and 1980-81 respectively in southern zone and apprise them of the outcome of the study. The Committee would also like similar information to be furnished to the Committee in respect of other zones.
4	1.13	According to one of the conditions of tendering, "under no circumstances will a father and

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sons or other close relations who have business dealings with one another be allowed to tender for the same contract as separate competitors". The Committee desire that in order to guard against the members of the same family cornering MES contracts by manipulation, the Ministry should ensure that the aforesaid conditions of tendering, which is a wholesome provision is not circumvented by contractors and those found contravening this condition are dealt with suitably under the rules.

- 5           1.16       The Committee appreciate that situation  
              1.17       can sometime arise when engineering authorities may have to dispense with competitive tenders and resort to concluding a single tender contract with a selected contractor. There are adequate safeguards against misuse of this power and the number of such contracts has also been very small. The Committee feel that, even then, it will help authorities at various levels to exercise better control over such contracts if broad guidelines for the exercise of the power of single tender contracts are laid down for the benefit of Accepting Officers.

- 6           1.23       From the Ministry's own account it is clear  
              1.24       that, despite instructions to the contrary, in a "fairly large number" of cases, contractors have been asked to keep their tenders open beyond the period specified in the rules inter alia, to enable Accepting Officer to obtain fresh approval of higher authorities necessitated by price escalations. Contractors, it has been represented, agree to extend validity period of their tenders out of fear of reapraisals and the Ministry is not aware the magnitude of this problem for want of any record of such cases at its level.

There is absolutely no justification, as the Defence Secretary also agreed, to punish any contractor on this account and such a vindictive ten-

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dency among Accepting Officers cannot but be deplored. In order to check delays in accepting tenders and avoid harassment to contractors, the Committee would like the Ministry to evolve a system of monitoring the time taken by Accepting Officers at tender-acceptance stage with a view to ensuring that decisions on tenders are taken without delay and, where extension of validity period is unavoidable, contractors consent is not taken under duress.

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The Committee feel that every amendment to a tender already issued may not warrant extension of time for submission of quotations by one month as demanded by contractors. The instructions issued by the Ministry in this regard, should be able to take care of the contractors' difficulties. What is required to be watched is whether these instructions are observed by Accepting Officers in letter and spirit.

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It is highly, improper that, despite clear instructions of the Ministry to the contrary, local officers in certain areas should be awarding contracts after holding unauthorised negotiations with the tenderers. The Committee would like the Ministry to tighten control over MES establishments in all parts of the country with a view to eliminating such a malpractice.

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A Working Group of Planning Commission (1967) under the Chairmanship of a former E-in-C had, after a thorough study, suggested a revised contract form with more fair terms. The Ministry has not accepted as many as 15 provisions of the revised form as suggested by the Working Group which relate to some vital aspects of building contracts and are of vital importance to contractors. In view of the thinking of the Working Group of Planning Commission on the subject which has not been fully respected by the Ministry but which has been largely endorsed by some of the former Engineers-

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in-Chief, it will be unfair to dismiss the contention of builders associations that the present contract form is not all that fair as the Ministry thinks it is. The Committee, therefore, recommend that Ministry should critically review its own decisions on the contract form as suggested by the Working Group of Planning Commission and make the present contract more fair to contractors consistent with the need to take safeguards against malpractices. In this review if an expert from outside the Ministry is also associated, it would enable the Ministry to have a more objective view of the matter.

The need for having an escalation clause in MES contract to cover not only increase in the cost of materials and wages as a consequence of statutory changes, which are at present covered, but also other increases in costs of inputs has been universally voiced and also recognised by MES authorities. Reserve Bank of India, State PWDs and Railways have already taken a lead in this direction. The Ministry of Defence is awaiting the recommendations of a Departmental Committee set up by Ministry of Works and Housing in this regard. The Committee would urge the Ministry not to lag behind and take an early decision in the matter.

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The Ministry of Defence agrees that the present interval of 5 years for revision of schedule of rates is far too long. What is regrettable is that even after an interval of 5 years, the schedule is not out on time. 1980 schedule, for instance, would be out only in June 1982. The Committee would like the Ministry to decide the optimum frequency for revision and publication of Schedule of Rates after taking into consideration all relevant factors. The work should then be so organised on all fronts that the revised schedules are published on time and become operative on schedule. Delay in its publication should be viewed seriously.

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National Building Organisation brought out an All India Standard Schedule of Rates in 1977 which was not priced. The Ministry does not favour the suggestion to adopt the National Building Organisation schedule for MES on the ground that the MES schedule is far more comprehensive. However, the National Building Organisation schedule of rates is stated to be kept in view in formulating the MES schedule. The concept of a uniform all India schedule has been supported by former top officers of MES. Seeing that various Govt. organisations like CPWD, MES, Railways etc. are working separately to bring out separate schedules of rates, which differ from one another, the committee wondered whether joint exercise at national level to draw up a comprehensive schedule to meet the needs of all these organisations could not be made. The Defence Secretary agreed during evidence that this was a concept which was worth pursuing and that this work could be undertaken by National Building Organisation. The Committee decide that this question should be considered seriously by the Government and the Committee informed about the outcome. They would like the Ministry of Defence to take an initiative in this regard.

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2.44

Delay in payment of final bills of contractors by MES has been brought to the notice of the Committee in a number of representations. According to the Ministry the aim of the Department is to pay small bills upto Rs. 5 lakhs within 4 months and others within 6 months. Ministry has, however, admitted that in a number of cases the time schedule is not adhered to. There were 1322 final bills involving an amount of Rs. 375 lakhs during the last 3 years which were not paid within 6 months. From this it is obvious that the procedural measures adopted by the Department such as billing returns and billing

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Conferences have not been effective enough to eliminate delays in payment and require to be reviewed.

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According to non-official view, delay in finalisation of deviation orders and star rates before completion of work is one of the main reasons for delay in payment of final bills. According to the Ministry deviation orders including the rates are required to be finalized within a period of 6 weeks except in a few complicated cases where too these are finalised as expeditiously as possible. The Committee would like to know whether, and if so, how any monitoring is done by the Engineer-in-Chief's Branch or Command Headquarters to ensure that deviation Orders including the rates are finalised within the prescribed period of 6 months. They would also like to be apprised of the number of deviation orders issued after 6 months vis-a-vis the total number of deviation orders issued during the last 3 years and in how many cases the payment of bills was delayed on this account.

The Committee would also like the Ministry to evolve a procedure under which Deviations which are not formalised within 6 weeks are brought to the notice of Command Headquarters or the Engineer-in-Chief's Branch, as the case may be, to enable them to review the reasons for delay and take remedial action.

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2.47

The contractors think that the CDA's office does not accept final bills even for scrutiny unless and these are found not to have been attached to them and this causes delay in payment. The statements made by the Ministry in evidence are ambiguous and have not made the position very clear. The Committee would like the Ministry to make the procedure in this regard clear beyond any iota of doubt, so as to ensure that non-attachment of deviation orders

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to final bills does not hold up payment of the bills. Even if the contractors are expected to attach deviation orders and these are found not to have been attached, the processing of such bills need not be delayed just on that account and, if necessary, the certified copies of deviation orders already available in the CDA's office might be made use of for the purpose of paying the bills.

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2.48

It has been suggested to the Committee that the payment of bills can be expedited if the billing is taken not after the completion of work but a progressive billing system is introduced. According to the Ministry progressive billing will entail continuing technical and audit check and this might be difficult to achieve with the present staff strength. The Committee however understand that some Chief Engineers have already adopted this system and prepared the bills and sent them to the Controller of Defence Accounts for payment within a month of completion if works. The Committee desire that the Ministry should study the progressive billing system already adopted by some Chief Engineers and examine the question of extending it to as many more Chief Engineers' zones as possible.

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The Ministry is not in favour of dispensing with pre-audit of bills as in its opinion double check is necessary to guard against over payment. The Committee feel that the question of pre-audit may be examined in depth with an open mind and a bold approach to determine whether it cannot be dispensed with after taking suitable safeguards against over payment. If a suitable system can be evolved, it will go a long way in preventing delays in payment.

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2.51

Seeing the price rise since 1974 when the limit of Rs. 1 lakh for passing of bills without pre-audit was fixed, the Committee are of the

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- view that as an interim measure, this limit should be raised to Rs. 5 lakhs.
- 17            2.52            The Committee suggest that the scheme of  
                 2.53            decentralisation of audit work should be ex-  
                            tended to as many more zones as possible so  
                            that the bills are pre-audited in the zone itself  
                            and are not required to be sent to the Central  
                            Office of CDA.
- 18            2.54            The Committee feel that it is but fair that  
                            contractors who have to raise capital at the mar-  
                            ket rate of interest for executing works, should  
                            be paid interest on their bills which remain un-  
                            paid for more than 3 months after completion  
                            of works. The Committee desire that this pro-  
                            posal should be examined and given a concrete  
                            shape as early as possible. Defence Secretary  
                            also conceded that there was merit in this pro-  
                            posal. This will not only act as a spur to settle  
                            bills without delay but also compensate con-  
                            tractors in the event of delay in payments.
- 19            2.81            The Committee cannot but come to an  
                            irresistible conclusion that there is something  
                            seriously wrong in the works or billing proce-  
                            dures, terms of contracts and the attitude of  
                            MES authorities towards the contractors' diffi-  
                            culties. The Committee regret to learn that the  
                            Ministry has not so far chosen to review the  
                            arbitration awards to see in retrospect as to  
                            what is wrong with the MES procedures and  
                            why increasing number of challenges to the  
                            MES decisions are being upheld in arbitration.  
                            The Committee recommend that comprehensive  
                            review should be undertaken expeditiously and  
                            remedial measures taken to remove inequity and  
                            rigidity in terms and procedures, so that the  
                            number of disputes could be reduced and un-  
                            necessary arbitration proceedings avoided.
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20            2.82            The Committee find that there has been considerable delay in appointment of Arbitrators by the Department. During the last three years out of 537 cases referred to Arbitration in as many as 131 cases there was delay of 3-6 months in appointment of Arbitrators; in 67 cases it was 6 to 9 months and in 90 cases it was more than 9 months. Such delays do not speak well of the Department's efficiency. If the contractors are constrained to seek arbitration directly through courts without approaching the departmental authorities the Ministry itself is to blame for this development. The Committee desire that the Ministry should lay down firm time-limits for appointment of arbitrators after the receipt of requests from contractors and ensure through proper monitoring that delays in appointment of Arbitrators are avoided at any cost.

21            2.83            From the representation made by contractors the Committee have got an impression that the contractors do not have full faith in the independence and objectivity of arbitrators drawn from the MES organisation. They would prefer serving officers from Departments like CPWD, Railways, Public Sector organisations or retired officers of MES of appropriate rank to be appointed as arbitrators. The Committee appreciate the Ministry's objection to appointment of retired officers as arbitrators but their argument against the appointment of serving Officers from outside MES does not carry conviction at all. The Committee would recommend that the Ministry should draw up a panel of suitable officers from outside the Ministry and appoint arbitrators from that panel in the interest of justice to the contractors.

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22	2.84	<p>Though Arbitrators are normally required to publish their awards within 6 months the Committee regret to find that out of 454 pending Arbitration cases, 93 are pending for 6 months to one year, 139 cases for one year to 2 years and 163 cases for more than 2 years. Many of the reasons for pendency such as delay in submission of defence, pre-occupation of Arbitrator and resignation of Arbitrator on account of transfer, retirement etc. should not be beyond the Ministries control. The Committee agree with the Ministry that delay on the part of Arbitrators can to a large extent be avoided if there is a panel of full-time Arbitrators. They would like the Ministry to take concrete measures, including having a panel of full-time arbitrators, to ensure that arbitration awards are given within the stipulated period of six months as far as possible.</p>
23	2.85	<p>It has been suggested that all awards exceeding an agreed amount of say Rs. 50,000 should be reasoned. The Ministry, do not favour this. According to the Ministry, Arbitrators would not be able to give reasoning in the manner a trained judge can do and such an award will be more vulnerable and litigation will increase. In the view of the Ministry, the question of requiring an Arbitrator to give findings on factual, contractual and legal aspects is worth considering. The Committee desire that this question should be examined in consultation with the Ministry of Law. The concept of having a panel of full-time Arbitrators which the Committee have recommended would go a long way in arbitrators acquiring necessary training in helping the Ministry to introduce the system of giving reasoned awards or findings on factual, contractual and legal aspects.</p>
24	2.86	<p>The Committee find that during the last three years, out of 339 Arbitration Awards, the Depart-</p>

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ment challenged 109 (33 per cent) Awards. According to the Ministry an Award can be challenged after taking the advice of the Ministry of Law and in the majority of the cases the advice is not to contest the award. The figures given by the Ministry however indicate that Arbitration Awards are being challenged in a substantial percentage of cases. This in the Committee's view defeats the very purpose of arbitration system which is aimed at quick disposal of disputes. The Committee would like that challenging of awards should be resorted to by the Department in rare cases, where the Department is combined of such a necessity, where the Department is convinced of such a necessity.

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The Committee are surprised to find that for the purpose of administrative and technical control, the financial limit fixed for major works (costing more than Rs. 20,000) and minor works (costing upto Rs. 20,000) fixed as far back as 1936 has not since been revised by MES although there has been tremendous increase in the price level. Though the limit of 20,000 continued theoretically, in actual practice, the Ministry has stated, this has been raised to Rs. 1 lakh. If that is so, it will be in the fitness of things that the limits are also formally revised upwards in line with the actual practice and an exercise to link them with price levels is undertaken periodically.

At present there is considerable delay in according administrative approval to works. The Committee find that after that Committee took up examination of the subject and a few days before the Ministry appeared before the Committee for evidence, the Ministry issued fresh orders on 4th December, 1981 raising upward

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the powers of the officers at various levels for according administrative approval to works. The Committee hope that there would now be less occasions for delay in according of administrative approval to works and that this matter would be kept under constant watch.

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3.22

There is great weight in what a former Engineer-in-Chief has said that on technical matters and in views of senior Engineering Officers in technical matters, officers of the Ministry of Defence or Finance (Defence) should not comment.

The serving Engineer-in-Chief conceded evidence that the practice of junior or middle level officers of the Ministry commenting on technical recommendations of senior engineering officers was there earlier but from his statement that now "technically, whatever engineers say is more or less, accepted" (emphasis provided), it is clear that even now the practice has not completely vanished. In the Committee's opinion, the Ministry should confine its comments on necessity, scale and financial constraints in relation to a work. It is not proper for the Ministry or any of its officers to sit in judgement over technical matters or technical views of senior engineering officers. If they do so they will be crossing the limits of their competence. The Committee would like the Government to lay down clear instructions in this regard for the benefit of officers of the Ministry of Defence and Finance (Defence) and Engineer-in-Chief's Branch and ensure that all the officers work within the allotted spheres of competence.

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3.23

The Committee welcome the Engineer-in-Chief's statement that, in order to cut short un-

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necessary correspondence and red-tapism, across the table discussions are now held to resolve the objections raised by the Ministry. The Committee hope that the Ministry will lend full support to this system to make it a success in the fight against procedural delays.

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3.24

From the information furnished to the Committee, they find that the actual expenditure works exceeded by more than 50 percent in a number of cases. In three cases of which details were asked for by the Committee, the expenditure exceeded the estimates by 140 percent, 106 percent and 78.88 percent respectively. While steep inflation and long time gap between original sanction of estimates are execution of works due to financial constraints and no doubt factors on which the MES may not have any control, the same cannot be said about the other two principal factors, viz. change in scope of work due to users' requirements and delay in the availability of land. Cost over-runs on these accounts can certainly be avoided by better planning and advance action on the part of the Ministry/MES. The Committee would expect the Ministry to spare no effort to complete the works in the shortest possible time to avoid excess of 27A expenditure over original estimates.

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3.25

The Committee agree to the proposal made by Engineer-in-Chief that the rate of anticipated inflation might be estimated in the light of inflation in the preceding 2-3 years and an additional margin on this basis given in the estimates. The additional margin coupled with the existing tolerance limit of 15 per cent should serve the purpose well. The Committee desire that this proposal should be given a concrete shape and given a trial under proper guidance and results evaluated after some time.

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30	3.26	The Committee take note of Defence Secretary's thinking in regard to the possibility of linking estimates with index or prices of construction materials. They would watch the outcome of this study with interest.
31	3.77 3.78	The Committee feel that some of the factors responsible for delay are certainly not beyond the control of MES. The Committee suggest that a selective review of delayed works should be made by the Ministry independently to determine as to whether and if so which of the reasons for delay were avoidable so that it can take remedial measures to avoid similar slip-pages in the works in future.

The Committee are concerned to learn that State Governments have not readily released land required for Defence works without the personal intervention of the highest authorities of the Central Government. Though instructions exist that a tender will not be accepted until the site for work is available, MES in its anxiety to commence work to meet the urgent requirements of the users sometimes goes ahead with the acceptance of contract in the hope that the site would become available in due course of time. The Committee feel that availability of land for a work should normally be a condition precedent to the issue of sanction for that work. Unless this is done, the question of acquisition of site for the work may not be viewed with as much urgency as it would otherwise be. The Ministry has admitted that there is a lot of interference from the users and the MES frequently accepts changes in scope and specifications suggested by the users in the course of execution of the works which cause delays in execution. The



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32	3.79	<p>Ministry has also admitted that local Commanders can exert a certain amount of pressure on MES executives to accept certain changes.</p> <p>In the Committee's opinion changes in the scope and specifications after commencement of works can be avoided to a considerable extent if a thorough discussion is held by MES with the users well before the tender action is initiated. In order to minimise interference by local commanders in the course of execution of works, the Ministry may consider laying down a procedure that changes in scope or specifications in works under execution would not be entertained unless these are routed through and approved by the Command Headquarters and E-in-C's Branch.</p>
33	3.80	<p>Even though instructions have been issued that the changes in the works wherever required should be conveyed to the contractor in writing together with the manner of pricing, it appears from the memoranda received by the Committee from contractors that changes are either not ordered in writing or written instructions to this effect are issued after a long time resulting in delays in execution and loss to contractors. It is unfortunate that the instructions issued by the Ministry in this regard are not being observed by MES field formations scrupulously. The Committee would like the Ministry to take serious notice of such infringements and not allow any disregard of its instructions in this regard at any level. If ever in an emergency verbal instructions have to be issued for inescapable reasons for effecting certain changes in the works under execution, these should invariably be followed in writing within a specified period.</p>
34	3.81	<p>From the Ministry's reply it is clear that there have been deviations in almost all contracts</p>

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for works done by MES. This shows that the phenomenon of deviations is not an exception but has become a routine feature of MES works. This betrays poor planning and inadequate preparation for embarking upon a construction project not only on the part of MES but also user authorities. As present instructions have failed to inculcate a sense of seriousness among user authorities in finalising their requirements comprehensively and exactly before commencement of works, the Ministry need to review the present system with a view to identifying loopholes and plugging them effectively.

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3.82

The Committee take note of the E-in-C's statement that even though time limit as laid down for issuing deviation orders in writing is six weeks, sometimes more time is taken for certain reasons. The Committee would like that random and critical studies of the deviation orders issued by MES should be made at the Headquarters on a regular basis to determine whether the time taken in issuing deviation orders conforms to the instructions laid down in this regard and if not how far the factors responsible for delay were unavoidable. These studies would help the Ministry to take remedial action for the future.

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3.83

It has been represented to the Committee that whenever changes in scope or specifications involve works which are beneficial to contractors, the revisions are not ordered as formal "deviations", but where the contractor stands to lose as a result of changes, these are "ordered" as necessary. This is unfair. The MES should in fairness to contractors follows instruction issued by the Ministry in this regard and should desist from taking undue advantage of the contractors' dependence on its goodwill.

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37	3.84	<p>The Ministry has stated that norms of timings for execution of works have been fixed by MES and are normally followed. But, according to contractors, realistic period for completing a work is not provided under pressure from users. Undue haste in construction even under pressure is likely to affect the quality of construction. There is no point in fixing a time table for construction which is not reasonable and which does not take into account the delays which may occur in the timely receipt of construction materials and on which the contractors may have no control. The Committee would like the Ministry to review the norms of timings laid down for various types of projects and fix them at reasonable levels which should also take into account the time to be taken in getting construction materials. Adequate time frame is not only necessary for the contractor but is also desirable to ensure good quality construction.</p>
38	3.85	<p>The Committee take note of the various arrangements made by the Ministry for monitoring the progress of works. The progress of works is through modern methods not only in physical terms but also financial terms through quarterly reports. Besides the Ministry reviews progress of important and high value project at quarterly meetings. The Committee hope that monitoring at all levels is followed-up by effective measures to remove obstacles that may be found holding up progress of works.</p>
39	3.86	<p>There is weight in the suggestion made by a former E-in-C that the site executives should be given powers to take quick decision on the spot to solve day-to-day problems in order to curtail delays in construction and the higher authorities should fully support them in such decisions. The Committee would commend this suggestions for the consideration of the Ministry.</p>

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40	3.87	The Committee take note of the various measures taken by the Ministry to ensure adequate and timely supply of various construction materials particularly cement and steel. The Committee cannot overemphasise the need for keeping a constant watch on the supply position of construction materials and taking every possible measure to procure them in time to avoid delays in execution of works.
41	3.88	While stockpiling of the entire requirement of materials before commencement of works is certainly not desirable, it will decidedly be a great practical advantage if MES builds up buffer stocks of scarce construction materials such as cement and steel to avoid disruption of construction activity in times of temporary shortages. The Committee would advise the Ministry to consider building up such buffer stocks at strategic places.
42	3.89	MES is now accepting steel billets from the suppliers and having them re-rolled under its own arrangements through private re-rollers. The Committee agrees with the suggestion that, instead of every Chief Engineer separately entering into a contract for re-rolling of billets, a rate contract for re-rolling should be finalised by the Ministry at national level directly or through the Director General of Supplies and Disposals. This will ensure economy and speed in getting such jobs done.
43	3.90	In case of delays in completing works for which MES organisation is responsible the Department can grant extension of time to complete the job but is not allowed to pay compensation. The Committee feel that mere extension is not an adequate relief. They feel that a suitable escalation clause should be provided in the contract to compensate contracts for such delays.

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44	3.91 3.92	<p>The position regarding supply of cement to J &amp; K in Northern region and remote places in North Eastern Region is generally difficult due to long road transportation and vagaries of weather conditions combined with restricted working seasons. Despite its efforts to hold buffer stocks of cement at Pathankot, and Srinagar to overcome the problems of logistics and irregular supplies to MES works in J &amp; K, the Ministry has not been able to build very large stocks of these due to general shortage of cement. There are constraints of road and rail transport for making supplies to Northern Region and North-Eastern Region. Defence Secretary was however not sure whether setting up of cement factories by MES or earmarking the existing or new cement factories in these regions exclusively for making MES requirements would be of advantage. Government, it was stated, was not in favour of each organisation having its own cement factories. The Committee would suggest that the Ministry of Defence should examine in consultation with the Ministry of Industry, the feasibility of setting up cement factories under Defence Ministry or earmarking new or existing cement factories exclusively to meet the requirement of Defence works.</p> <p>The Committee are glad to note that the Ministry has realised the need to revise upward the powers for local purchases of construction materials in times of urgency and has issued necessary orders in this regard in December, 1981. The Ministry is also considering a proposal for revising limits of powers of engineer officers for direct procurement of stores which are on DGS&amp;D rate contract. The present limit of Rs. 2000 in this case is too low to be of much help. This should be raised adequately.</p>
45	3.93	<p>Misuse and leakage of materials were detected by MES in four cases during the last three</p>

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years. Issue of tenders to the contractors concerned in these cases was banned as a punishment and disciplinary action was taken against the MES staff concerned. To discourage pilferage or misappropriation of stores, terms of contract provide that recovery for such stores shall be made at double the issue rate. The Committee welcome the proposal under the consideration of Government that recovery for such stores should be made at double the market rate issue rate whichever is higher and would like it to be finalised expeditiously. They would also like deterrent action to be taken against the MES staff found guilty in allowing misuse or leakage of construction materials.

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3.94

The Committee note that there is no uniform schedule laid down at present in regard to the frequency at which stores are to be issued to contractors by MES. In order to prevent the possibility of discrimination for or against any contractor, the Committee recommend laying down of norms in regard to the periodicity at which stores should be issued to the contractors.

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3.95

3.96

The Committee take note of the view of a former Engineer-in-Chief that Border Roads organisation has spare capacity at present because, having almost finished its also strategic jobs, it has now only smaller jobs and maintenance works to attend to—The Committee are not in a position to pass judgement on this view. They would suggest to the Ministry of Defence to bring the matter to the notice of the administrative Ministry concerned for an in-depth study of the capacity of BRO *vis-a-vis* the tasks assigned to it.

There is weight in the suggestion made to the Committee that in forward and remote areas where competent contractors do not come forward to accept works, units of Border Road Task Force should be inducted along with the MES to under-

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		<p>take construction projects there. The Committee learn that Border Road Organisation has in the past carried out a number of projects for MES in difficult and remote areas. Defence Secretary is, however, of the view that whenever there are difficulties in the availability of contractors, it should be possible to consider using one or the other organisation on a sub-contracting basis. The Committee welcome this approach and would like the Ministry to evolve a suitable working arrangement between the BRO and MES.</p>
-48	3.97	<p>The Committee would like the Ministry to study the possibilities of use of pre-fabricated and tubular structures for Defence works in the light of studies already made in this field in the past and see how far such methods of construction can be made use of in MES works not only to speed up construction in remote areas but also effect economies in construction costs.</p>
-49	3.98	<p>The Committee expect that the report of enquiry into the quality of bricks used in Defence works in Hyderabad would be furnished to the Committee at the earliest.</p>
-50	3.114 3.115	<p>The Committee note that though belatedly, the Ministry had decided (Dec. 1981), a short while before appearing before the Committee for tendering evidence, to follow the system in vogue in CPWD under which the maintenance funds will no longer be linked with capital value of assets; these will now be linked with plinth area/paved area in the case of normal buildings etc. and a judicious amount of maintenance grant per sq. metre of plinth/paved area depending on prevailing price level would be granted. Buildings requiring additional maintenance would be given extra attention depending on requirements.</p>

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Now when the MES has decided to follow the CPWD pattern under which maintenance funds for VIP assets will be allotted on "as required" basis, the Committee do not wish to go into the past attitude of MES formations in this context. They would like that, at least from now onwards, the occupants of normal buildings should not be given any cause of complaint on this account and the maintenance of such buildings should in no circumstances be neglected to show preferential attention to VIP buildings at the cost of the other buildings.

- 51            3.116            The Committee note that in the case of petty works also, though belatedly, the Ministry has issued orders (Dec. 1981) to the effect that petty works costing up to Rs. 2500, instead of Rs. 400 as hitherto<sup>3</sup> fore, may at the direction of the Commander Works Engineer be treated as "repairs". The CWE can delegate this power to lower officers also. The Committee welcome the upward revision of this limit which was overdue in view of the rise in prices.
- 52            3.117            The Ministry has stated that MES uses DEL  
3.118            for petty but urgent repairs and maintenance works and that there is not much scope for misuse of material under this system. The Committee do not agree with the Ministry. They feel that fears of misappropriation of materials and high cost of maintenance/repairs under DEL system cannot be held to be entirely baseless. The Committee would like that the system of employing DEL for attending to repairs or petty maintenance should be replaced by term contract system at the earliest and the use of DEL should, if at all unavoidable be resorted to only in exceptional circumstances. The Committee would like to be apprised of the action taken in this regard.
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53	3.119	<p>The Committee find that as against budget provision of approximately Rs. 90 crores in 1978-79, Rs. 100 crores in 1979-80, and Rs. 117 crores in 1980-81 for DEL, MES spent Rs. 31 crores, Rs. 32 crores and Rs. 36 crores on DEL during these 3 years respectively. From this it is clear that apart from the expenditure on this system being high, the budgeting by MES for this service has been very loose and high amounts appear to have been provided in the budget from year to year without adequate basis. This should stop. The Ministry should ensure that the budget allocations are worked out more realistically.</p>
54	4.48	<p>It has been represented to the Committee that inspection and supervision of works in MES is not adequate mainly due to vast increase in paper work. The Ministry has stated that over the years the phenomenon of increased paper work has overtaken not only the MES but also all Departments. According to the Ministry, the work regarding furnishing of data to short notice and frequent intervals to parliamentary, ministerial and financial authorities has increased manifold over the years since independence. In the Ministry's view it has had a perceptible adverse effect on executive functions particularly at lower levels of supervision, as no separate staff is available for such necessities which have become almost a constant feature. Accountability of executive Departments to Parliamentary institutions is a basic feature of democratic system and supply of information on the various aspects of the Department's working is an essential ingredient in this process. The present thinking in MES, which verges on resentment, though veiled, against this practice, betrays ignorance of the fundamental tenets of democratic ethos and, to say the least, is unfortunate. The Committee would not like the so</p>

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		called pre-occupation of the existing MES staff in collecting information for supply to superior institutions to be made an alibi for laxity in supervision over works at any level. The Ministry would do well to guard against this tendency.
55	4.49	The Committee have been informed by the Ministry of Defence that work study of the Inspection Organisation of MES is in progress and the report is expected shortly. The work study should also examine as to what extent, increase in paper work has hindered the efficiency of the Inspection Organisation and to what extent the paper work could be reduced. The Committee are anxious that the Inspection Organisation of MES should be adequate and effective in carrying out supervision of works in the field and should not be overloaded with unnecessary paper work.
56	4.50 4.51	The Committee desired the Ministry to furnish a statement showing the percentage of cases in which technical examinations were carried out (i) during the currency of works, (ii) after the completion of works but before defect liability period and (iii) after the defect liability period. The Committee has been informed by the Ministry that no such date is maintained.
		In the absence of this information the Committee are unable to say how for the accepted policy of CTE's Organisation for checking works during the progress of work or within defect liability period is being followed.
		The Committee feel that technical examinations of works can be more fruitful if, these are conducted while the works are in progress as then the mistakes or negligence can be detected and remedial action taken before it is too late. The Committee would recommend that the

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working of CTE's Organisation should be so organised that technical examinations are conducted, as far as possible, during the currency of the works and, only in special cases, after the completion of the works but within the defect liability period. Such an examination after the defect liability period can lead to harassment of contractors and should therefore be avoided. From a statement furnished by the Ministry, it is seen that during the last 3 years, out of 167 cases in which recoveries amounting to Rs. 58.82 lakhs based on technical examiners' observations were referred to arbitration, 137 cases involving awards amounting to Rs. 49.07 lakhs were decided in favour of contractors. From these figures the Committee cannot but come to the conclusion that there is much force in the view of the non-official organisations that in many cases technical examiners just to boost up their achievements insist on recoveries which are not sustained in arbitration later on. This is a sad reflection on the quality of technical examiners' work and shows lack of fair and independent approach on their part.

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The Committee would like the Ministry to evolve a system of independent and expert review of the quality of technical examinations in the light of arbitration awards and the facts that may come to its notice otherwise with a view to applying correctives wherever and whenever found necessary.

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4.53

The technical examiners should as they do at present, doubt examine the works critically to detect use of sub-standard materials or cases of negligence or collusion, which is their principal function. But this should not be their only function. The Committee agree with former Engineers-in-Chief, that CTE's Organisation

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should also suggest improvements in planning, designing and specifications of works for ensuring speedier and more economic execution of works in the future.

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4.54

At present CTE's organisation examines 10 to 15 per cent of works. The Committee note that during the years 1976-77, 1977-78, 1978-79, 1979-80, and 1980-81, 53 per cent to 63 per cent of the works examined by CTE were found defective in that sub-standard material was found to have been used in them. Surprisingly the Ministry does not consider the position alarming as in its judgment the percentage of the amount of recoveries initiated at the instance of CTE in respect of defective works as compared with the total cost of the works executed was insignificant. The Committee do not appreciate this approach. It cannot be said that the consequences of a small quantity of sub-standard material used today in a building could not be too serious in the future. To judge standards in monetary terms, as the MES appears to be doing is not only wrong but also fraught with danger. Such an approach can besides encouraging contractors to use sub-standard material in more and more buildings with a very small and inexpensive risk of being caught, make supervisory officers still less serious in enforcing standards. The Ministry would therefore do well to warn MES formations against such a complacency and casualness of approach in the matter of quality of construction and view every case of sub-standard material seriously regardless of monetary value involved.

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4.55

The Committee feel that by and large sub-standard material cannot be used in construction without the negligence or collusion or connivance of the supervisory officers. The Committee would like the Ministry to consider what further measures can be taken to tighten super-

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61	4.56	<p>vision over construction and to hold supervisory officers accountable for the malpractices which might be detected later on by CTE's organisation. The Committee would also like the Ministry to examine whether non-recordable or recordable warnings or expression of mere displeasure is sufficient punishment in such cases of gross negligence.</p>
61	4.56	<p>Seeing the rising trend in the use of sub-standard material which was found to have been used in 53 per cent; 58 per cent; 61 per cent and 63 per cent of works examined by CTE in 1977-78, 1978-79, 1979-80 and 1980-81, respectively, the Committee feel that the CTE's organisation should not rest content with 10—15 per cent of works which it test-checks at present. It should extend its attention to more works.</p>
62	4.57	<p>The Committee are inclined to agree with the Ministry that outside examination cannot be totally abolished. The Committee are also not in favour of the CTE's Organisation being placed under the control of E-in-C. Such a step will erode the independence of CTE and make it vulnerable to influence by the organisation whose work he is expected to inspect.</p>
63	4.58	<p>The Committee are not satisfied with the working of the vigilance organisation in MES. There is considerable delay in investigation of complaints. If "vigilance" has to have a deterrent effect, it should investigate complaints expeditiously and bring the delinquent officials to book while the relevant malpractices are fresh in the observers' memory. Delay dilutes, if not defeats, the impact of vigilance proceedings. The Committee would like the Ministry to tone up the working of vigilance organisation and make it result and time oriented.</p>

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64	4.59	<p>According to a non-official organisation the integrity of MES officers is not beyond reproach. It is stated that the practice of officers receiving a certain percentage of contractors' bills is there in MES and that there is corruption at every level, though of course there are also officials who are above it. The Ministry should take serious note of the image of MES officers as it exists today and do whatever is possible to eradicate corruption from MES. The Vigilance Officers &amp; Staff are a part of the MES organisation. They are not independent of administrative control of MES hierarchy as they work under the respective Chief Engineers. This in the Committee's opinion is a basic flaw in the vigilance system in MES. It is difficult to imagine an officer to investigate a charge against a brother officer independently when both of them happen to be working. Under the same boss in the field. The possibility of influence by the boss or the feeling of fraternity coming in the way of impartial enquiry cannot be totally ruled out. The Ministry it is learnt, is considering a proposal to appoint a Director of Vigilance at the Engineer-in-Chief's Branch in the rank of Chief Engineer with supporting staff.</p>
65	4.60	<p>The Committee are of the view that if Vigilance Organisation has to serve any worthwhile purpose, it should be headed by a high level Officer, preferably from outside the MES Set-up, working directly under the Engineer-in-Chief and have separate staff of its own to conduct investigations and launch prosecutions.</p>

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66	5.10	MES is holding numerous types of plant and machinery, many of which date back to the Second World War, for the use of contractors in the execution of works.
		<p>It was brought to the Committee's notice that the contractors did not like to hire MES machinery because it was of old vintage and its performance was not guaranteed. The Committee are informed by the Ministry that command-wise studies are being made with a view to identify the plants which are of very old vintage as also those which have limited utility due to changes in technology as well their increasing availability with contractors so as to rationalise inventory holding and dispose of the items which do not lend themselves to optimum utilisation. This step, though belated, is welcome. The Committee would like the Ministry to take up policy decision in this regard and direct the MES to keep only such plant and machinery as may be required by it for carrying out maintenance works departmentally and as may be in demand by contractors for carrying out sophisticated works and may not generally be available with them.</p>
67	5.11	There is no point in keeping plant and machinery which is of no use either to the Department or the contractor. The Ministry should lay down a discard policy for the MES plant and machinery for the guidance of the MES formulations and ensure its enforcement.
68	5.26 5.27	As on 31st March, 1981 losses aggregating to Rs. 31.13 crores were awaiting regularisation. That means total losses would have been much more. 14 per cent of the losses are stated to be on account of theft, fraud and neglect.

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These losses reveal a highly deplorable state of affairs in MES and raise serious doubts about the competence of supervisory officers at successive levels of management. The Committee would like the Ministry, not MES, to hold an independent and in-depth enquiry into the losses incurred by MES during the last five years with a view to fixing responsibility and learning lessons for the future. The enquiry should be completed without delay and the magnitude of losses under various heads and the analysis of the reasons therefor together with the action taken in the matter should be conveyed to the Committee within 6 months.

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5.28

The Committee also note there are heavy amounts outstanding against various categories of officers and private parties.

The Committee would urge the Ministry to view the matters involving heavy outstanding amounts of rent recoveries and outstanding audit objections very seriously and set up separate task forces to recover outstanding dues from all concerned and settle audit objections within definite time limits. The Committee would like the Ministry to take conclusive measures to ensure against accumulation of due against public and private authorities and audit objections. The Committee would like to be apprised of the progress made and preventive measures taken in the matter within six months.

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MES is at present a composite organisation with a judicious blend of civilian and military personnel at various levels. The Committee have gone into the suggestion made to it for complete civilianisation and complete militarisation of this service. After considering pros and cons of

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the matter. The Committee feel that the present composite character of the service is best suited for an organisation like MES.

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Through MES is meant to carry out and it actually carries out engineering works of all the three services, there is a separate organisation namely, Naval Dockyard Works which also handles some naval works. The Committee have not been able to appreciate the need for two parallel engineering organisations working for the navy. It can, at a moment of weakness of authorities, give rise to an unwholesome idea of a separate organisation for Air Force also. The Committee would suggest that the Ministry should independently examine the rationale of having Naval Dockyards Works as an organisation separate from MES. Even if it has to function as a separate specialist unit, there would be no difficulty in placing it under the administrative and operational control of E-in-C.

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Former Engineers-in-Chief have expressed a view that for optimum utilisation of its capacity in peace as well as war, Border Roads Organisation should also be placed under the control of E-in-C. For lack of full facts the Committee are not in a position to offer comments on this view. They would, however, like that this matter should be critically studied by an inter-Ministerial expert body and decision taken in the interest of the most economic and efficient use of the engineering resources and talents of the two organisations.

The MES establishment as far as the executive formations are concerned is based each year on the computed workload. There is considerable delay in sanction of MES establishment under this norm resulting in additional pressure on the available staff. Defence Secretary admitted in

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evidence that the time taken in this exercise was about 6—8 months and that "I want to see that it is done in six weeks". Surprisingly after the evidence, the Ministry informed the Committee in a note that steps have been taken to reduce the period from 4—8 months at present to about 3 months. This is not much of an improvement and in fact quite disappointing when viewed against the undertaking given by Defence Secretary to the Committee. The Committee would urge the Ministry to cut down the period for sanctioning MES establishment from year to year to not more than 6 weeks. if not one month.

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6.76

There is a good deal of shortage in officers strength in the MES, the average shortage being approximately 20%. The Committee are unhappy to note that DPCS have been delayed for administrative reasons to fill up some of the posts. The Committee would like the Ministry to look into this matter and taken necessary action to make up the shortage of officers in various level, as early as possible. The Ministry should also ensure that DPCS and recruitment exercises are not delayed in future.

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6.77

The Committee find that at times service officers without any previous work experience are appointed Zonal Chief Engineers. The Ministry has, however, sought to justify such appointments on the ground that those commanding troops acquire enough experience of operational works to be able to handle the job of Chief Engineer in MES. Hhe Committee do not agree with this view. They feel that in the interest of the efficiency of the MES department where in Chief Engineer is expected to have mastery of rules and regulations and the difficult art of technical administration of contracts from the very

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day he takes up his appointment, only such officers as have had prior work experience in MES or similar other engineering organisation should be appointed as Chief Engineers or Additional Chief Engineers. The Committee would like the Ministry to issue necessary guidelines in this regard.

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There is great frustration among civilian officers and subordinate staff in MES. Civilian officers have fewer chances of promotion vis-a-vis army officers in various grades. Subordinate staff in Grade—I and Grade—II have been stagnating for long periods. Career prospects for civilian officers as well as subordinates are very dismal in MES as compared to other engineering organisations like CPWD, P&T and Railways, etc.

Unattractiveness of MES as a service for new entrants through UPSC is a fact admitted by the Ministry. It is unattractive because of poor and uncertain career prospects.

The Committee cannot but express their unhappiness over such a steep decline in the image of MES in the eyes of qualified engineers. What has pained them more is the fact that this state of affairs has been allowed to continue for such a long time without any remedial action and it is only now that a much belated cadre review has been undertaken.

The Committee would urge that the cadre review now undertaken by the Ministry with the object of bettering promotional opportunities and bringing some parity in promotional prospects in MES with those prevailing in other engineering departments like Railways, CPWD, etc. should be completed without delay. The Committee would like that the cadre review should go far

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enough to make service in MES attractive to new engineers and give the officers and subordinate staff in MES prospects comparable with those enjoyed by their counterparts in other civilian organisations. They would like to be apprised of the progress made in this regard within 6 months.

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6.81

The Committee find that even though the Ministry is conscious of the need for creating a reserve of officers for leave, training, probation, deputation, etc., it has not been able to create such a reserve of officers because MES has not been able to attract enough qualified direct recruits. The absence of a reserve of officers is sure to result in a shortage in the effective strength of engineering officers with consequential impact on the efficiency of the Department. The Committee would urge the Ministry to take necessary steps to build up a reserve of officers at the earliest and to maintain it in the interest of the Department's efficiency.

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6.82

The civilian officers of MES appear to be nourishing a grievance that they are not able to go beyond the level of superintending Engineer in MES. The Ministry has stated that all appointments upto the level of Chief Engineers (except Command Chief Engineers) are at present tenable by civilians. The Committee find that this is not so in actual practice. From the information furnished by the Ministry they note that only a very small percentage of higher posts are open to civilian engineers. Out of an authorised strength of 35 Chief Engineers (other than Command Chief Engineers) only 4 are earmarked for civilian officers; out of 39 Additional Chief Engineers, only 7 are meant for civilians. Even though appointments upto the rank of Lt. Col/SE are to be held by military and civilian officers in the ratio of 50:50, the

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Committee find that there are only 85 civilian SE's in position as against 109 military officers of equivalent rank. Similarly in the category of Executive Engineers, as against 421 military officers, there are only 229 civilian officers. These figures go to show that the civilian officers are not getting their due nor can it be said that as stated by the Ministry all appointments up to the level of Chief Engineers (except Command Chief Engineers) are open to civilian officers. The Committee, therefore, feel that the civilian officers' grievance is not without basis. They would like the Ministry to go into this matter and give civilian officers their due.

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6.83

The Committee regret to note that cadre management of MES has remained neglected ever since 1947 when the service was constituted. What disturbs the Committee more is that even the Ministry had not thought it necessary to have not do anything in the matter so far and it is only now that the Ministry has realised the need for strengthening the administration with a view to ensuring satisfaction cadre management. The Committee cannot but express their unhappiness at the apathy on the part of MES and the Ministry towards this important aspect of an organisation. The Committee urge the Ministry to spare no effort to strengthen personnel management in MES so as to rectify the sorry state of affairs as is obtaining there at present.

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6.84

There is a feeling prevailing among civilian engineers in MES that their career advancement is slower as compared to that of military officers. The Committee find that career prospects of civilian officers are proposed to be improved under the cadre review proposals, which inter-alia, envisage increase of civilian Chief Engineers' posts from 5 to 15 of whom 8 will be in Maj. Gen.'s scale. This is a welcome development.

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		lopment. Even if the career prospects of officers belonging to two different cadres are, strictly speaking, not comparable, the feeling of frustration among civilian officers can be avoided if their career prospects are at least made broadly comparable to those of their counterparts in other civilian organisations like CPWD, P&T and Railways. The Committee hope that the cadre review which is under way will take care of the legitimate aspirations of civilian officers in this respect.
80	6.85	The Committee would like to suggest in this context that in making appointments of military and civilian officers in MES, care should be taken to see that, as far as possible a civilian officer is not placed in a directly subordinate position to a military officer who might have in his earlier career worked under the former in any capacity.
81	6.86	The Committee take note of the Ministry's statement that suitable proposals to create higher posts above CE's level are under consideration of the Government as a part of the cadre review.
82	6.87 6.88	The Committee are surprised to learn that at present the pay of civilian additional Chief Engineers and Chief Engineers is pegged down to the level of pay of Colonel and Brigadier in the Army rather than to that of level I and II Chief Engineers of PWD. The Committee are informed that in the latest Cadre Review, proposals are under examination to rectify this anomaly and if approved 50 per cent of civilian Chief Engineers will draw pay equal to Brigadier and 50 per cent that of Major-General. The Committee expect an early decision on these proposals.
		The Committee also expect that the question of designating civilian Chief Engineers in the MES as head of Department in CPWD and P&T will be examined and finalised early.

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83	6.89 6.90	<p>The Committee are deeply pained to see the widespread frustration among non-Gazetted officials of MES. They are more pained by the indifference shown by the Ministry to their plight and its inaction for so long. Superintendents Grade I and II are the backbone of the Department and, needless to say, frustration in their ranks is sure to have affected the efficiency of the Department. The Committee note that, at long last, the Ministry has swung into action to remedy the situation. In the Committee's opinion ad hoc piece-meal measures are not going to provide lasting solutions to the problem. What is needed is a Cadre review in the case of non-gazetted staff also and thorough review of the recruitment and promotion rules with a view to providing adequate avenues of promotion and guarding against stagnation at any stage. The Committee would like to be informed of the action taken in the matter within next six months.</p>
84	6.91 6.92	<p>The Committee note that MES proposes to merge Grade I and II and have one scale like that in the CPWD. This is a welcome measure and should be implemented without delay.</p> <p>The suggestion made to the Committee that technical hands joining in non-gazetted posts should be ensured of at least 3 promotions in their service career is reasonable and merits sympathetic consideration. The Committee hope that Cadre review, as recommended by them in earlier paragraph, would be done with this objective in view.</p>
85	6.93	<p>In the past there has been delay in holding DPCs. During the period 1972—80 no DPC was held. Now with the court cases have been settled, the Committee hope that DPCs would be held regularly in future and the MES staff awaiting promotion will not have to wait indefinitely for their advancement.</p>

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86	6.94	The Committee feel that the MES Organisation should have an institutional arrangement to have across the table dialogue with the Civilian personnel with a view to understanding their problems and finding solutions by collective discussions. They would recommend setting up of such a forum at an early date.
87	6.95	The Committee find that the Ministry is fully aware of the numerous problems of seniority etc. created by merger of executive and survey cadres of MES in 1963 and their subsequent de-merger in 1980. The Committee trust that the Ministry will resolve the problems in the most fair and just manner and without delay so as to give maximum satisfaction to the officers involved in this process.
88	6.96	Unlike CPWD, the Stores management in MES is in the hands of non-technical staff. The Ministry has accepted the recommendations made by the Works Study team that stores management in MES should be entrusted to technical hands. The Committee expect a early implementation of the decision.
89	6.97	The Ministry has admitted that MES is not getting due share of deputation posts for its officers and the number of MES officers on deputation outside is substantially lower than that in CPWD. This imbalance should be rectified.
90	6.98	The Committee are glad to note that the Ministry has accepted the need to create a post of Additional Director of Personnel to take care of the problems of civilian officers and staff and has included this post in the cadre review proposals. This will meet a deeply felt need of the civilian staff.

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| 91 | 6.99  | <p>Residential accommodation is posing a big problem to the Civilian Officers and staff of MES. Its acuteness has been recognised by the Ministry. To solve the problem, the Ministry is considering a proposal to set apart about one per cent of the Defence Works Budget for construction of accommodation for civilian personnel. This is a welcome measure and should be implemented expeditiously. But construction of residential accommodation under this proposal will take 8—10 years to materialise. The Committee urge the Ministry to find an interim solution to the problem especially at stations where the civilian personnel is large and there is no Government pool of accommodation. Where private accommodation is available, the Ministry should either hire suitable accommodation and allot it to the civilian personnel or allow them to hire out such private accommodation direct and subsidise the rent as it does for Defence personnel.</p> |
| 92 | 6.100 | <p>Where there is no private accommodation available and this would be the position at various remote places, the Ministry should make MES personnel eligible for station pool accommodation. Meeting the essential needs of Civilian personnel at such places is not only necessary on human considerations but also imperative for speedy execution of MES projects.</p>   |
| 93 | 6.101 | <p>The Committee are glad to note that the Ministry has acknowledged the need for an overall evaluation of the performance of MES with particular reference to the age-old procedure and regulations obtaining in the Department. This should be undertaken early and follow-up action taken to make MES a more streamline organisation capable of executing works with utmost efficiency and economy.</p>   |

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