

**ESTIMATES COMMITTEE
(1982-83)**

(SEVENTH LOK SABHA)

FIFTIETH REPORT

ON .

**MINISTRY OF WORKS AND HOUSING
CENTRAL PUBLIC WORKS DEPARTMENT**



Presented to Lok Sabha on...

**LOK SABHA SECRETARIAT
NEW DELHI**

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CORRIGENDA

TO

THE FIFTIETH REPORT OF ESTIMATES COMMITTEE ON MINISTRY OF WORKS
& HOUSING - C.P.W.D.

Page	Para	Line	For	Read
(iii)	-		Chaudhury	Chaudhri
6	1.21	4	delete the words - "sure that the Advisory Board observes the prescribed time limit in actual"	
6	1.21	5	After the words "actual" insert "practice so that there is no cause for complaint of delay in the award"	
8	1.27	3&4	It is felt that however officer U.P.C.S. After "sub-standard" Add "quality"	It is, however, felt that office U.P.S.C.
17	1.52	3	officer	
19	1.59	3	U.P.C.S.	
52	4.41	2	After "sub-standard" Add "quality"	
53	4.41	for 1	For first Line	substitute " The Indian Standards Institution has an inspectorate for the"
56	5.10	*	put the "*" at the beginning of the foot note	

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ESTIMATES COMMITTEE

(1982-83)

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(iv)

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1. Shri T. R. Krishnamachari—Joint Secretary.
2. Shri Bipin Behari—Chief Financial Committee Officer.
3. Shri D. M. Chanan—Senior Financial Committee Officer.

INTRODUCTION

1. The Chairman of Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Fiftieth Report on the Ministry of Works and Housing — Central Public Works Department.

2. The Committee took evidence of the representatives of the Ministry of Works & Housing, Ministry of Industry & Indian Standards Institution on 23 and 24 December, 1982. The Committee wish to express their thanks to the Officers of the Ministries and the Indian Standards Institution for placing before them the material and information which they desired in connection with the examination of the subject and giving evidence before the Committee.

3. The Committee also wish to express their thanks to the following Non-Official witnesses for giving evidence and making valuable suggestions to the Committee:—

(i) Shri Hazari Lal Marwah, President, Central Builders Association (Regd.), New Delhi.

(ii) Shri O. P. Mittal, Retd. Chief Engineer, CPWD.

4. The Committee also wish to express their thanks to all other Associations, Bodies and Individuals, who furnished memoranda on the subject to the Committee.

5. The report was considered and adopted by the Committee on 18th April, 1983.

6. For facility of reference the recommendations|observations of the Committee have been printed in thick type in the body of the Report, and have also been reproduced in a consolidated form in the Appendix to the Report.

NEW DELHI;

April 21, 1983.

Vatsakha 1, 1905 (S).

BANSI LAL,

Chairman,

Estimates Committee.

CHAPTER I

ORGANISATION

A. Organisation in Ministry

1.1. The work relating to CPWD is handled by the Works Division in the Ministry of Works & Housing under the overall supervision and direction of the Secretary and Minister. The Works Division comprises of one Joint-Secretary, two Deputy Secretaries|Directors and seven other officers including two Under Secretaries and five Section Officers (Special).

1.2 The Vigilance cases relating to CPWD are handled by the Ministry's administrative machinery separately in the Vigilance Unit which deals with vigilance matters of the entire Ministry under the charge of a Director. Similarly, financial matters of the CPWD|Works Division are dealt with by the Financial Advisor of the Ministry.

B. Functions of CPWD

1.3 The Central Public Works Department is the primary agency for construction and maintenance of Central Govt. Buildings. Its programmes and activities consist of:—

- (i) Designing, construction and maintenance of Central Govt. non-residential buildings other than those for Railways, Communications, Atomic Energy, Defence Services and All India Radio;
- (ii) Construction and maintenance of residential accommodation meant for Central Govt. employees;
- (iii) Construction and maintenance of national highways in Delhi and certain other specified national highways, roads, etc.;
- (iv) Maintenance of roads financed from the Central Road Fund in Delhi (This excludes the roads in urban areas of Delhi|New Delhi);
- (v) Maintenance of certain roads|highways in Arunachal Pradesh other than these maintained by the Border Roads Development Board;
- (vi) Technical control over the Public Works Departments of Union Territories;

- (vii) Construction works for some Public Sector Undertakings not having their own Civil Engineering Organisations and for semi-Government organisations, as 'deposit works'; and
- (viii) Provision of consultancy services in planning, designing and construction of town-ships and factory building if required by Public Sector Undertakings and other autonomous bodies.

C. Organisational Set up of CPWD

1.4 The Central Public Works Departments have considerable expertise in architectural, structural, landscaping and horticulture fields, as well as in civil constructions and services, including electrical, air-conditioning and mechanical services. It can undertake turn-key construction projects, including sophisticated and complex structures which require computers for design and modern construction techniques for execution. The department has a well developed architectural wing, a Central Designs Organisation for complex structural design work, field units for the execution of projects and an Electrical and Mechanical Wing to handle electrical, air-conditioning and mechanical services installations. It also has a Training Organisation headed by a Chief Engineer, which imparts inservice training to staff.

Administrative and Executive Wing

1.5 The department is headed by the Director General of Works and operates in various zones covering the entire country. All the works of various Ministries/Departments in a particular area/zone are controlled and supervised by a Chief Engineer.

1.6 The Chief Engineer of a zone is assisted by a Superintending Surveyor of Works and 4 or more Superintending Engineers. Each Superintending Engineer heads a circle, which consists of 3 to 6 divisions. A division headed by an Executive Engineer, is the basic executive unit of the Department.

1.7 Horticulture work is under a Director of Horticulture who is responsible to the Chief Engineer (New Delhi Zone). He lays and maintains the lawns in the offices and residential buildings and nurseries of Govt. of India. He is assisted by a Deputy Director (Landscape) and 7 Executive Divisions, while 6 divisions are located in Delhi, one division is at Bombay.

1.8 Officers at various levels have specific powers delegated to them.

On 1st January, 1982, the following Units were in position:—

1. Zones	10
2. Circles (Civil)	37
3. Circles (Elect.)	15
4. Superintending Surveyor of Works (C)	10
5. Superintending Surveyor of Works (E)	1
6. Director of Horticulture	1
7. Divisional Officers (Civil)	139
8. Divisional Officers (Elect.)	75
9. Surveyor of Works (Civil)	70
10. Surveyor of Works (Elect.)	11
11. Deputy Director of Horticulture (Field Units)	7
12. Deputy Director of Horticulture (Landscape)	1
13. Project Team (G.E's level)	2
14. Project Team (S.Es. level)	3
15. Project Team (E. E's. level)	1

II. Planning Wing

1.9 *Architectural*: Architectural Wing consist of a Chief Architect, an Additional Chief Architect, and 25 Senior Architect Units (including 4 Units in Delhi Admn. Zone and one Unit in Arunachal Pradesh Zone) with supporting staff.

1.10 *Electrical*: The Electrical Wing consists of two Chief Engineers (Elect.), who are in charge of planning & designing of large electrical, mechanical and air-conditioning works.

1.11 *Central Designs Organisation*: This is headed by a Chief Engineer with a Superintending Engineer and seven Executive Engineers under him. The organisation promotes adoption of modern methods of structural designs in the construction activities of the department to bring about economy. It also maintains the Central Laboratory of the Central Public Works Department, and undertakes subsoil investigation.

1.12. Planning and structural designs of other works are done by the Superintending Surveyors of Works attached to the Chief Engineers of respective Zones or by the Surveyors of Works attached to the Superintending Engineers, depending on the value of the work.

1.13 *Central Planning and Design Organisation*: As recommended by the Ranganathan Committee, which looked into the organisation and working of the Central Public Works Department, a Central Planning and Design Organisation has been set up in the Department at New Delhi. The organisation consists of three disciplines, viz. Architectural, Civil Engineering and Electrical Engineering under the guidance of an Additional Chief Architect, Chief Engineer (Civil) and Chief Engineer (Elect.) respectively. For the present, it will be responsible for the planning and design work in respect of schemes costing more than Rs. 3 crores in Delhi only.

Quality Control and Technical Audit Wing

1.14 In pursuance of another recommendation of the Ranganathan Committee, an independent "Quality Control and Technical Audit Wing" has been set up under the Director General of Works, Central Public Works Department, which is under the control of the Chief Engineer (Central Design Organisation). One Assistant Surveyor of Works in each circle of the Central Public Works Department (both Civil & Elect.) is to deal exclusively with the Quality Control and Technical Audit functions in respect of the works under the circle. (

Central Works Advisory Board

1.15. Prior approval of the Central Works Advisory Boards is necessary in the following cases:—

- | | |
|--|--|
| (i) Acceptance of lowest tender | where the |
| (ii) Award of work by negotiations with the lowest tender | value of work is more than Rs. 60 lakhs. |
| (iii) Acceptance of single where the value of the work is more than Rs. 37.50 lakhs. | |
| (iv) Award of work by acceptance of a tender other than the lowest, where the amount of the work is more than Rs. 22.50 lakhs. | |

1.16. During evidence, the representative of the Ministry of Works and Housing was asked as to what the Composition of the Board was. The Secretary, Ministry of Works & Housing replied:—

"the composition of the Board is like this. The Director-General (Works) is himself the Chairman. Then the Deputy Financial Adviser from the Ministry the Director (W) or the Deputy Secretary (W) of the Ministry and then there is the FA &

CAO of the CPWD who is also called the Chief Controller of Accounts who is a permanent invitee on the Board.

So in fact the purpose of the Board which has full powers is to assist the D.G. (W)."

1.17. In a memorandum submitted to the Committee by a non-official Organisation, it has been stated that the "Works Advisory Board is quite redundant and only leads to delay in the award of works. Sometimes the delay in taking decision in the matter of award of work is so much that tenders have to be reinvited. Asked to offer his comments in this regard, the Secretary (Works & Housing) stated in evidence:—

"Our experience has always been that this does not delay the sanction at all. In fact, earlier, when the DG was functioning as Chief Engineer, certain matters had to go to the Ministry. This Board has full power. Since the DG is the Chairman of the Board he is virtually in full control of it. Our experience has been that the Board is working quite well...."

According to our Manual the Board is given ten days' time from the day it receives the tender papers to communicate its decision. We have been generally doing this and there is no such delay."

Spelling out the need for setting up this Board, the Secretary, Works & Housing stated that the Board has been vested with "full powers" in regard to the award of works etc., and after their approval the matter does not go to Finance.

Powers of the D.G. (Works) | CE

1.18. At present the Chief Engineer has the power to award contracts for works upto the value of Rs. 60 lakhs. The D.G. (Works) also has the same powers although he is of a level above that of Chief Engineer. During evidence, the representative of the Ministry was asked as to why the DG had not been given powers higher than that of the Chief Engineer. He replied:—

".....There is hardly any necessity for the DG to exercise his powers. There is no work directly under the DG since the works are being executed through the Chief Engineer. The Chief Engineer refers cases beyond his power to DG who places it before the Board."

Asked in that case what was the need of having the DG, the representative of the Ministry stated that "DG has other powers (also) which are connected with the tenders....powers

which were exercised by the Ministry are being virtually exercised by the D.G. today."

1.19. Commenting on the suggestion made during evidence that some powers should be allocated to the D.G. over and above those of the Chief Engineer, the Secretary (Works & Housing) stated:

"We will go into this question. . . . we will consider this point". He also incidentally mentioned to the Committee that:—

"Actually the proposal has come to increase it (power of CE|DG (W) to award works) to Rs. 80 lakhs mainly in the context of increase in prices. That is under the consideration of the Government".

1.20. The Central Public Works Department is under the administrative control of the Ministry of Works & Housing. The Department is headed by the Director General of Works and operates in various Zones, each headed by a Chief Engineer, covering the entire country. The Committee have been informed that the Director General virtually exercises the powers of the Ministry. In regard to acceptance of tenders and award of works he is assisted by the Central Works Advisory Board, which has full powers. Although the powers have been delegated to the Chief Engineers and other officers below them, the Director General who is above the level of the Chief Engineers and is the Chairman of the Central Works Advisory Board could exercise on his own only powers as delegated to the Chief Engineers in the matter of award of works. The Committee suggest that as agreed to by the Ministry in evidence, the desirability of suitably enhancing the financial powers of the Director General should be examined with a view to expedite decision making. The Committee would await the outcome.

1.21. The Committee note that the Central Works Advisory Board is required to communicate its decision in ten days time from the date it receives the tender papers. The Committee would like the Ministry to ensure that the Advisory Board observes the prescribed time limit in actual work. The performance of the Board in this regard should be monitored for review by the Secretary, Ministry of Works and Housing periodically.

DELEGATION OF POWERS

1.22. The Ministry of Works and Housing have furnished a Statement showing the powers delegated to various officers in respect of award of work and other financial powers relating to works. A perusal of

This statement shows that in many cases the delegations of power were made several years back. A few examples are as under:—

Nature of power.	Designation of the Officer.	Extent of powers delegated.	Authority
(i) Write off of T & P and other articles of which part value had been recovered.	AE/AEE EE SE DG(W)/ CE	Rs. 1500 Rs. 10,000 Rs. 20,000	Ministry of W & H OM No. AG. 81(90) dated 10-11-56
(ii) Award of additional quantities against abnormal high/low rated items, variations being more than 25% above or below the schedule of rates dully enhanced to the extent of cost index.	AE/AEE EE SC DG(W)/ CE	Rs. 1000 Rs. 10000 Rs. 15,000 full power.	Min. of W & H O.M. No. 13/11/62 Cont. dt. 26-9-1962
(iii) To levy compensation in case of delay in completion of works.	AE/AEE	1/3rd of the stipulated period in respect of individual contracts amounting upto Rs. 5,000.	Min. of W & H letter No. Cont. 13(15) dated 9-3-1964
(iv) Accord of sanction to extra/substituted items.	E.E. S.E.	Rs. 25,000 in respect of schedule and agreement items. In respect of other items, 25% of the contract value subject to ceiling of Rs. 2500 Rs. 2 lakhs in respect of both schedule and non-schedule items.	Ministry of Works & Housing letter No. 17013 (4)/68 EWI (PT. II) dated 11-12 1968

Since the price level on the basis of which these delegations were made had no relation with the current price level, the financial delegation had become out of the date. Asked whether there was any system of periodically reviewing the delegation of financial powers to the various officers of the CPWD in the light of the prevailing price level and the increase in the outlay of public works, the Secretary Works & Housing stated in evidence:—

“No such periodicity is there... There is a system of revising delegations according to the needs of the situation. We are grateful that this point has been raised. We will certainly keep it in mind.”

1.23. Asked whether it was possible to have an automatic linkage between the cost of construction and the delegation of financial powers to the Officers at various levels, he replied that “automatic linkage is not necessary. It could lead to some administrative difficulties.”

1.24. The Committees are surprised to find that there is no system of periodic review of delegation of Powers to bring it in tune with the changing conditions. In several respects powers delegated in the fifties and sixties have remained unchanged. As promised by the Secretary, Ministry of Works and Housing, there should be a periodic review, say once in 5 years, in future having regard to escalation of prices and other relevant factors. The Committee would suggest that the first exercise of this kind should start forth-with and the powers redelegated realistically and meaningfully under intimation to the Committee.

Consultancy Services

1.25. The Consultancy Services Wing of CPWD was set up in July, 1977. This Organisation procures jobs either through negotiations or by open tendering. The Ministry have given an estimate of the work-load i.e., the cost of the projects handled by this Wing during the last three years as follows:—

1979-80	Rs. 3.50 crores
1980-81	Rs. 4.50 Crores
1981-82	Rs. 10.00 crores

The cost of projects handled during 1982-83 is likely to be above Rs. 0 crores.

1.26 The Statement of earnings|expenditure is given as follows:—

<i>Year</i>	<i>Expenditure incurred</i>	<i>Income</i>
1979-80	Rs. 4.02 lakhs	Rs. 5.00 lakhs
1980-81	Rs. 4.60 lakhs	Rs. 6.30 lakhs
1981-82	Rs. 5.00 lakhs	Rs. 9.07 lakhs
1982-83 (estimated)	Rs. 7.00 lakhs	Rs. 12.00 lakhs

1.27. The Ministry have stated that this Organisation has been expanded by creation of additional posts w.e.f. 1-9-1982. The final implications of the new posts sanctioned is Rs. 3 lakhs per annum. It is felt that however further strengthening of this Organisation in the near future will be necessary.

1.28. In reply to the question whether the Ministry hoped that the expenditure on this Organisation would be at least matched by the revenue earned, the Ministry have stated that "it is expected that the ex-

penditure on the strengthened Organisation will be more than matched by the revenue earned."

1.29. During evidence, the representative of the Ministry of W&H spelling out the scope of activities of the wing stated:—

"We are dealing with Govt. Departments and Public Sector Undertakings. We have not undertaken any private work. If the public sector undertakings want CPWD to take it up, we do it for them. This consultancy cell was set up so that the public sector organisations, which would like us to do this work, can be enabled to do so and we can get some work which is now going to the private sector."

It is however at present not mandatory on the Public Undertakings to consult the CPWD, he said.

1.30. A suggestion was made during evidence that it would be in the best interest of the country if it was made mandatory on the public sector organisations to go to CPWD for consultancy if they were not having their own services, and only when it was not within the competence of the CPWD and a No Objection Certificate was given, Consultancy work should be awarded to Private parties. Reacting to the suggestion the Secretary (W&H) stated:—

"We would welcome it. But I would only make this suggestion that the nature of the work should be such that it is within the normal competence of the CPWD. Without the detailed examination of the workload, I do not think it is fair on my part to answer this question right here, because there are so many public sector undertakings and we have to assess what their requirements are because after all, if the CPWD has to give NDC in 9 cases out of 10, then the creditability of CPWD will go down. Before, we make it mandatory, an in-depth study has to be made."

1.31. The Committee feel, that the consultancy services wing of the CPWD set up recently in 1977 has a vast potential to develop. The CPWD has the expertise in building and road construction and it could handle planning, designing and construction of townships and office/factory buildings for Public Undertakings and other autonomous bodies controlled and/or financed by Government. It could even be made obligatory for them to entrust the work to the CPWD. The Committee therefore desire that this question should be examined by the Ministry of Finance and BPE in consultation with the Ministry of Works & Housing. In the meantime the Consultancy Service Wing of the CPWD

should be gradually strengthened and expanded. The competence and capacity of the Consultancy Wing of the CPWD to undertake works for public undertakings and other autonomous bodies should be suitably publicised widely. The wing should atleast be able to break even, which should be ensured by keeping proforma commercial accounts of its transactions in consultation with the Comptroller and Auditor General of India.

D. Staff Matters

Cadre Review

1.32. It was represented to the Committee in a memorandum from a non-official that on the basis of the recommendations of the Third Pay Commission, the Government of India had accepted that there should be a Cadre Review of all the Departments every three years. But the CPWD did not have a single cadre review so far. It was further stated that on the basis of the Rangathan Committee's Report (1976-77) the proposals were discussed during 1978 with the Secretary, Ministry of Works & Housing and the Financial Adviser and were accepted in principle. Since 1978 these proposals had got bogged down in the jungle of red-tapism.

1.33. Asked to explain the reasons for delay in taking the decision in the matter, the Secretary, Ministry of Works & Housing stated in evidence that:—

“The Cadre Review was taken up but as it concerns three Ministries it took time. Now after a detailed examination was made, it was suggested that Class I posts should be separately looked on and the other posts should be dealt with separately. In regard to JEs a high level Committee headed by DG(W) has been set-up and they are studying it and in a couple of months we will have their report. So far as Class I posts are concerned the process has reached final stages and here it would be reasonable to expect that in the next three months some view will be taken.”

1.34. Subsequently the Ministry of Works & Housing submitted to the Committee a detailed note on the steps taken by them for cadre review on the basis of the recommendations of the Third Pay Commission indicating the reasons for delay in taking the final decision in the matter, which is reproduced below:—

“Government of India appointed a Cadre Review Committee under the Chairmanship of the Cabinet Secretary to review the cadre structure of All India and Central Services. Certain guidelines

for the objective cadre management were also issued by the Department of Personnel and Administrative Reforms in this connection. Certain proposals were being examined in consultation with the Director General of Works, CPWD. However, it was considered that any firm proposals for cadre review in CPWD to be put up for the consideration for the Cadre Review Committee of Government will have to wait till the High Level Committee under the chairmanship of Shri S. Ranganathan, retired Comptroller and Auditor General of India, appointed to review the CPWD Cadre structure of CPWD give its recommendations. The Ranganathan Committee was appointed by the Government Resolution dated 28-8-75 and the Committee gave the report on 15-10-76. The recommendations were thereafter examined by the empowered Committee of the Ministry of Works & Housing and the decisions thereon were taken by Government on 29-12-77.

The proposals for the cadre review which included restructuring of the units of the CPWD involving Group A, Group B and Group C engineering and ministerial services formulated by the Director General of Works were forwarded to Department of Personnel and Administrative Reforms in February 80.

The Department of Personnel & Administrative Reforms returned these in July 1981 with the suggestion that the cadre review proposals to be put up to the Cadre Review Committee of Government of India should relate to Group 'A' Service of the two Engineering services namely Central Engineering Service Group 'A' and Central Electrical and Mechanical Engineering Service Group 'A'. Department of Personnel and Administrative Reforms also suggested that the proposals for the cadre review of Group 'B' and Group 'C' services can be formulated after a decision is taken regarding the cadre review of Group 'A' services.

Subsequently proposals for the Central Engineering Service Group 'A' were forwarded to the Department of Personnel and Administrative Reforms on 31-12-81. They called for certain clarifications which are now under examination of the Ministry in consultation with the Director General of Works. The proposal for cadre review in respect of Central Electrical and Mechanical Engineering Services have also been formulated by the Director-General of Works and are under consideration in the Ministry, along with the Central Engineering Service Group A.

It is expected that the proposals for both the Central Engineering Service and Central Electrical and Mechanical Engineering

Services will be finalised in consultation with the Director General of Works, CPWD and final proposals with the clarifications asked for by Department of Personnel and Administrative Reforms will be sent to them soon."

Stagnation of Officers and Staff in CPWD

1.35. It was pointed out to the Committee by the Officer of CPWD during its study tour that "at present lot of stagnation is there at all levels in this Department. The promotion of JEs to AEs take more than 20 years and no further promotional avenues are available to them. There is stagnation at higher levels also."

1.36. It was also suggested in a memorandum submitted to the Committee that "for removing blockage in promotions and for bringing greater degree of satisfaction in the Department, every person should in the normal course of his service get at least two promotions."

1.37. Asked to comment on the aforesaid position the Secretary, Ministry of Works & Housing stated that:—

"If we take the level of Executive Engineers to Superintending Engineers the eligibility period is 7 years and the actual period is about seven and a half years. There is no stagnation here. But there is some stagnation at the levels of S.E. to Chief Engineers. In respect of JEs this high level Committee would be able to say as to so many extra posts need to be created. . . . We are hoping that in the next three months we will be able to take final view on the cadre of the Class I and in respect of JEs the report would be available in the next couple of months."

The witness stated that the normal period of promotion of JE to AE was "about 18 years."

1.38. Subsequently, in the written note, the Ministry have indicated the position as follows:—

"It is not denied that there is stagnation at the level of Junior Engineers, Asstt. Engineers, Executive Engineers, Superintending Engineers. It cannot be disputed that a large number of officers, at the Junior Engineers, Asstt. Engineers and Executive Engineers level are awaiting promotion, having fulfilled the eligibility criteria. The basic structure of the Department is such that there are limited promotional avenues in the Department. Department had adopted liberal policy towards sending of officers on deputation in order to create more promotional avenues for them. Government had constituted a

high powered Committee for processing the cadre review of Junior Engineer. It is hoped that cadre review proposals already pending with the Government and high powered Committee's recommendations will help relieving the stagnation to a large extent."

1.39 The Committee are distressed to note that despite the recommendations of the Third Pay Commission (1973) that there should be a Cadre Review of all the Departments every three years, the CPWD has not completed even a single Cadre Review so far. There is stagnation of Engineers at all levels and a large number of them are awaiting Promotion having fulfilled the eligibility criteria. This position is not conducive to the efficient functioning of the Department. It is unfortunate that the Cadre Review has not been approached with a sense of urgency that it deserved. The Committee have however been assured that in the case of JEs, a high level committee headed by DG(W) has been set up and it is expected to report "in a couple of months" and that in the case of Class I posts "the process has reached final stages and it is expected that in the next three months some view will be taken." The Committee desire that the Cadre Review in respect of all the categories of technical staff in CPWD should be completed and necessary follow up action taken within six months. The Committee trust that the cadre review would help relieving the stagnation in the Department. The Committee suggest that a person should get at least three promotions in his career. They would await the outcome.

Confirmation of Officers and Staff

1.40. In a memorandum submitted to the Committee it was pointed out that as per Government of India Ministry of Finance (Deptt. of Expenditure) Office Memo. No. F 18(2) E(Spl)/60 dt. 24th March 1960, 80 per cent of the staff in each category is required to be declared permanent by converting 80 per cent of temporary posts which have been in existence for a continuous period of not less than 3 years and are likely to be required on a permanent basis, into permanent ones. But none of the departmental Engineers who were promoted as AEs in the year 1953 and thereafter and have also been promoted to the next rank of Executive Engineers and have worked in that post also for about 20 years have been declared permanent so far even in the AE's post although they should have been made permanent in the E.E.s post also long back. It has further been stated that still worse is the fate of the individuals who are continuing as ad-hoc AEs and EE for about 10 years. Some E.Es officiating in that grade for more than 20 years have retired also as permanent JEs only."

1.41. The Ministry in written note admitted that the "above grievance is factually correct."

1.42. Explaining the position and reasons for delay in this regard, the Ministry of Works and Housing furnished the following note:—

"Temporary posts have been duly converted into permanent ones from time to time in accordance with Ministry of Finance's instructions in all the categories. But confirmation of officers at various levels could not keep pace due to dispute in seniority in the grades of Assistant Engineers and Executive Engineers. The matter has remained pending in courts for years. The revised seniority rules in respect of Asstt. Engineers were notified in February, 1982. The revised seniority list based on the said seniority rules has been recently circulated for inviting objections and confirmation of officer in the grade would be processed after all the objections have been disposed off. In the case of Executive Engineers, the judgement of Supreme Court is awaited and confirmation would be taken up only after the decision. In the case of Superintending Engineers also confirmation were held up due to revision of seniority. As the Seniority List has since been finalised, confirmation in this post are being processed."

1.43. The Secretary (Works and Housing) was, during evidence, asked whether there had been any cases in CPWD where a person retired without being confirmed in any post in CPWD. He replied "There is no such case." The position was confirmed by the Ministry of Works and Housing subsequently in writing also.

1.44. Asked during evidence whether responsibility had been fixed for the delay in confirmation of officers in CPWD, the Secretary (Works and Housing) replied:—

"If there was any lapse, certainly we can haul up the officers. But something or the other has been pending in the Court."

Commenting on a suggestion that an enquiry should be instituted into the matter to find out where the lapse had occurred and who was responsible therefor, the Secretary stated:—

"My request would be that the Committee after receiving the note, (from the Ministry) may kindly have a look at it."

1.45. The Ministry of Works and Housing have sent a detailed note indicating the position regarding confirmation of officers of various levels. A study of the note indicates the following position:—

- Assistant Engineers:* (i) Until 1979, CPWD had not drawn up any Rules regarding filling up of posts of Assistant Engineers. A quote for filling up the vacancies was fixed in 1955 which was not notified in the shape of rules and it remained an administrative decision on paper only.
- (ii) The Writ petitions filed in Courts remained under adjudication between 1970 and January, 1977.
- (iii) The Asstt. Engineers (Central Engineering Service/Central Electrical Engineering Service-Group B) (Confirmation and seniority) Rules, 1979 were promulgated on 31st January 1979.
- (iv) A provisional seniority list based on these Rules were circulated on 27th December, 1982 inviting objections from the concerned officials.
- (v) Confirmations will be taken up after all the objections received have been considered.

Executive Engineers: Cases have remained in dispute in Courts since 1972. The final hearing in the latest case has since concluded and the judgement is awaited.

Superintending Engineers: (i) On the result of a Review DPC, a revised seniority list of SEs (Civil) was issued in March, 11 for inviting objections. These have since, been considered and the list has been declared as final in July, 82. One of the parties has filed a writ petition against the revised seniority list, which is still pending. No stay order has been passed in this case. Confirmation of officers in this grade is therefore being processed.

- (ii) The question of holding a Review DPC for the S.E. (Electrical)'s Grade is in correspondence with UPSC.

1.46 The Engineers of the CPWD have not been confirmed in higher posts for a long time which in some cases has been more than 20 years. The Ministry has however, explained that the main reason for non-confirmation was the disputes regarding seniority inter se of engineers of various categories which have remained under adjudication by Courts for substantial period of time. The Committee hope that the Ministry would take immediate steps for confirming eligible officers of those categories in respect of which Courts have given final decisions. In regard to categories in respect of which cases are still pending in Courts, the Committee would like the Ministry to iron out the differences and settle the matter out of Courts in the interest of expeditious confirmation of officers. The Committee also desire that the recruitment and conditions of service rules wherever pending should be notified and the seniority lists finalised without delay.

E. Training of Personnel

Existing Facilities for Training

1.47. According to the Ministry of Works and Housing the training facilities available in the CPWD are as under:—

“The Technical personnel employed in the CPWD comprise of Civil Engineers, Electrical and Mechanical Engineers, Architects and Horticulturists. Recruitment to the various disciplines in the CPWD is made at two levels. In respect of Civil Engineers and Electrical Engineers, recruitment is made to Group ‘A’ in the Grade of A.E.Es on the basis of Combined Engineering Services Examination held by the UPSC year to year. The recruitment is made to Central Engineering Services Group ‘A’ and Central Engineering and Mechanical Services Group ‘A’.”

1.48. The other level in which Engineers are recruited (both civil and electrical) is in the grade of J.E.s. This recruitment is also made on the basis of an open competitive examination held in which candidates from all over the country with a basic recognised Diploma or Degrees in Civil Engineering/ Electrical or Mechanical Engineering are allowed to compete.

1.49. So far as the Architects are concerned the recruitment is made directly to Group ‘A’ services in the grade of Deputy Architects through the UPSC. At a lower level recruitment is made to the grade of Architectural Assistants.

1.50. The training of technical personnel in an organisation like CPWD is required to be imparted first at the stage of entry to the department and subsequently during the course of service of an officer. The facilities available in the CPWD for training of technical personnel at the time of entry and while in service are detailed in the subsequent paragraphs.

1.51. The A.E.Es recruited to the C.E.S. Group ‘A’ and C.E.M.S. Group ‘A’ are imparted induction training for a period of 35 weeks. The training imparted consists of an institutional training for a period of weeks and field training for the remaining 27 weeks. During the institutional training the Officers are not only given an orientation to the working of the Government, set-up of the CPWD, Organisational structure, role played by different wings of the Department, duties and responsibilities of officers at different levels, but are also exposed to the practical aspects of working. The training imparted also includes a grounding in Public Works Accounts, Budgeting processes, Planning processes in the Government, etc. Field visits are also an essential ingredient of this training programme.

1.52. During the course of their field training, the probationers are attached to various officers right from the level of sections (J.E.'s level) upto the D.G. (W)'s officer where they examine and study the different functions, the duties of the officers and also familiarise themselves with the working of the department, rules and regulations, codes of practices etc.

1.53. The J.Es recruited to the department, also need induction training. Approximately on an average about 600 J.E.'s (both Civil and Electrical) are recruited to the department every year. With the existing facilities available in the Training Organisation (i.e. limited staff and accommodation available) we have not been able to impart induction training as soon as the JEs join the department. However, we are running five foundational training courses for the JEs who have put in less than two years service in the department. The number of participants in each such course is limited to 60 J.Es (both Civil and Electrical). Thus we are now imparting foundational training course to approximately 300 J.Es every year. So far as the Deputy Architects are concerned the Training Organisation does not impart any induction training to them.

1.54. So far as the in-service training of officers in the Department, which is a very important requirement in a professional department like CPWD is concerned, even with the limited facilities available, the Training Organisation conducts as many as 40 to 44 refresher courses every year. The topics covered in the refresher courses vary from Advanced Structural Design to subjects like "Landscaping", "Interior Design", "Planning and design of interior lighting", "Bulk Services", "Airconditioning" etc. For conducting those refresher courses covering all the three major disciplines i.e. Civil Engineers, Electrical Engineers and Architects, reliance has been placed to considerable extent on guest faculties obtained both from within the department and from outside the department.

1.55 The Training Organisation runs about 17 courses for Wiremen, Asstt. Wiremen, Lift Operators, Pump Operators, etc. On an average 185 number of the skilled workers on the electrical side are trained in the Training Organisation.

National Academy of Public Works

1.56. In a memorandum furnished to the Committee, it was suggested that the existing nucleus training organisations in the CPWD should be placed on a regular footing with a proper purpose-built accommodation, core faculty of its own, adequate support facilities and must be given the status of a National Academy of Public works.

1.57 Asked to comment on the aforesaid suggestion, the Secretary, Ministry of Works and Housing stated in evidence that:—

“So far as the general suggestion that there should be a ‘National Academy’, perhaps in course of time one can think of enlarging the scope and the base, but right now in the 6th Plan, the scheme which is approved is within the constraints that we have and we are trying to make the best of the funds.”

The witness further added:—

“We have also actually thought of a permanent campus for the training centre. At the moment, it is being held in Delhi, but because Delhi has to be decongested and all the activities should not be held here, and because trainees also come from all over India, we are thinking of another place where a training centre could be constructed. But the provision made in the plan takes care of a minimum of faculty members, and other expenditure incurred. . . . The plan provision is Rs. 50 lakhs, but it does not include construction of a campus. We have tentatively thought of 1 or 2 places. At present we have converted some building in Delhi and are carrying on to the best of our capacity within the funds that we have. . . . At moment, whatever plans they have, are considered adequate. But in future, it may expand.”

Training of JEs

1.58. Asked to explain the position with regard to the induction training being imparted to JEs, the representative of the Ministry stated:—

“Fresh recruits will have to wait for their turn, because there is a back-log. This Training Institute itself is functioning for the last three years. A large number of JEs, who had joined earlier has not got this induction training. We are training them; we cannot train both the earlier people and the present one, because of various limitations. . . . I agree that induction training means that it should be given at the time of their joining. But people already in service did not get it, and we are taking them up first.”

1.59 The training facilities available in the C.P.W.D. do not seem to be adequate. At present, though the need for induction training to the newly recruited Junior Engineers is recognised, no such training is imparted. A foundational training course introduced recently covers about

300 Junior Engineers against 600 recruited every year. Thus there is a huge backlog to be covered. Further the Deputy Architects who are directly recruited through the U.P.C.S. do not receive any induction training. The Committee desire that the training facilities and programmes should be critically reviewed and in the light of the need suitably augmented and reoriented. The backlog of training of Engineering/Architectural personnel should be covered by suitable crash programmes. In this connection, the Committee would also recommend that a well-equipped training Institution for the C.P.W.D. should be set up at a suitable place as early as possible and adequate funds for this purpose should be allocated atleast in the Seventh Five Year Plan.

CHAPTER II

PLAN, TARGETS & ACHIEVEMENTS

A. Targets and achievements during 1974-75 to 1979-80

2.1 The Ministry of Works and Housing have indicated the financial and physical targets and achievements during the period 1974-75 to 1979-80 as follows:

Year	Financial		Physical			
	Demand (in lakhs)	Achieve- ment	Target for houses (in lakhs)	Achieve- ment for houses (Nos.)	Target for office accmdn. (Sq. m.)	Achieve- ment for accmdn. (Sq. m.)
1	2	3	4	5	6	7
1974-75	625	524		2273
1975-76	684	622	..	2500	..	15,000
1976-77	902	1010	1370	870	..	5,000
1977-78	1800	1752	2590	2055	..	Nil
1978-79	2610	2146	4919	3164	..	24,000
1979-80	3000	3067	4100	1252	55,000	24,000

The Ministry have stated that, "as is observed from the records", no physical targets were laid down for the year 1974-75 and 1975-76 for residential accommodation and for the year 1974-75 to 1978-79 for office accommodation.

2.2 Asked to state the reasons for the achievement in respect of construction of office accommodation during the year 1974-75 and 1977-78 being shown as 'Nil', the witness informed the Committee in evidence that "in that particular year we had not completed and handed over office accommodation because the work was in progress. But it got delayed and, therefore, was postponed to next year."

B. Targets and Achievements during 6th Plan period

2.3 The Ministry have indicated the financial and physical targets for the Sixth Five Year Plan period—1980—85 and achievements during the year 1980-81 and 1981-82 as follows:

- (i) Total Financial outlay for General Pool Works (Residential Accommodation) for the plan period (1980-85) Rs. 112.70 crores.
- (ii) Total No. of Quarters provided for completion during the Sixth Plan period. Rs. 26,615

Year	Financial (In crores of Rupees)				Physical			
	Houses		Office Accommodation		Houses (No. of units)		Office accommodation (Sq. m.)	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
1980-81	25.10	21.37	2.90	5.77	8400	5675	16000	24991
1981-82	24.00	24.81	6.00	4.71	6600	3171	59000	32674
1982-83	23.55		6.45		6000	..	24825	
1983-84 } 1984-85 }	42.97	..	12.37		11769		55003	

2.4 It was pointed out to the witness during evidence that although the physical targets fixed for the first two years of the 6th Five Year Plan in respect of the number of houses to be completed was 15,000, the number of houses actually constructed during this period was only 8846. Asked the reason for this heavy shortfall in achievement against the targets during the first two years of the 6th Five Year Plan, the Director General (Works), CPWD stated:

“Some of the works during this period were bogged down due to non-availability of essential building materials like cement and bricks, particularly in Delhi. In addition to this we had one peculiar difficulty. Because of the rising inflation the cost of construction has been going up very rapidly and some of the contractors to whom works were awarded earlier, they could not complete the work in time. In some cases they slowed down the work and in some cases they abandoned the work. We took action against them.”

Replying to the question as to what were the prospects of attaining the physical targets for the plan period as a whole, he said: "We expect to complete the plan target."

2.5 It is also seen from the statement of Targets and Achievement in respect of the 6th Plan period that, the total 6th Plan Financial outlay for Residential Accommodation was Rs. 112.70 crores. Out of this Rs. 46.18 crores had already been spent for building 8846 quarters during the years 1980-81 and 1981-82. The balance financial outlay for the remaining three years of the plan was Rs. 66.52 crores and the number of quarters to be built during that period was 17769.

2.6 Asked to state whether there was any system of providing for escalation of cost on account of inflation, in the Annual Plans and budget to achieve the physical targets of the Plan, the Secretary, Ministry of Works & Housing stated during evidence that "actually all our plan provisions and the provision made in the Plan Budget are on the basis of constant price. There is no inbuilt provisions for escalation and in the course of implementation, if the cost of the project goes up, necessary action is taken."

2.7 Explaining the position further, Director-General of Works—C.P.W.D. informed the Committee that "regarding the expenditure of about Rs. 46 crores incurred in the first two years, I may submit that it includes the expenditure incurred on works which are already taken up and which are not completed in those two years. It is not that within this period this amount was spent for the construction of these quarters only. This amount of Rs. 46 crores was spent on the entire plan construction work including those 8846 quarters which have been completed and handed over to the government. This amount provided for the complete quarters as well as other works which are in progress." He, however, estimated that the cost of construction would be "about 15 percent more" on account of increase in the prices of material and labour.

2.8 The system of fixing targets and the physical performance of the C.P.W.D. leave much to be desired. The Committee note that no physical target were laid down for the years 1974-75 and 1975-76 for residential accommodation and for the years 1974-75 to 1978-79 for office accommodation. The Committee would like to stress that in future the physical targets should be laid down for each activity of the Department and the achievements as well as the reasons for the shortfall should be clearly brought out in the Annual Reports of the Ministry.

2.9 The physical achievements both in respect of houses and office accommodation have almost consistently fallen considerably below targets during the period 1976—82 and 1979—82 respectively, the targets and achievements being 27,979 Nos., and 16,187 Nos. for houses and 1,30,000

Sq. M. and 1,01,765 Sq. M. for office accommodation. The Committee desire that the Ministry of Works and Housing should examine the inadequacies of the C.P.W.D. in regard to achieving the targets and take suitable measures so that in future such significant shortfalls may not occur.

2.10 The Committee note that for the 6th Plan period (1980—85) the total financial outlay for the General Pool Works (residential accommodation) is Rs. 112.70 crores while the physical target was to construct 26615 quarters during the Plan period. As against these financial and physical targets the actual achievement during the first two years of the Plan period is an expenditure of Rs. 46.18 crores and 8846 houses actually constructed. The reasons for slow progress in construction is stated to have been due to non-availability of essential building materials like cement and bricks and steep escalation of prices compelling the contractor to abandon work. The Committee have, however, been assured by the representative of the Ministry that the CPWD expects to complete the plan targets, though the overall cost of construction would be about 15 per cent more. The Committee would like the Ministry of Works and Housing to make concerted efforts to remove the impediments coming in the way of orderly progress of work and see that the targets of construction laid down for the 6th Five Year Plan period are achieved with minimum cost over-runs.

CHAPTER III

EXECUTION OF WORKS

A. Workload

Work-load Norms

3.1 The following work-load norms were last approved by the Ministry of Works & Housing in March, 1978:

<i>Items</i>	<i>Civil Dvn.</i>	<i>Electrical Dvn.</i>
(a) Concentrated Construction Works	Rs. 98 lacs.	Rs. 60 lacs.
(b) Scattered Construction Works	Rs. 75 lacs.	Rs. 50 lacs.
(c) Maintenance & Minor Works	Rs. 37 lacs.	Rs. 20 lacs.

3.2 It is stated by the Ministry of Works and Housing that in view of the price rise during the past few years the question of revision of yardsticks "has been under examination" and that pending final decision, additional units in C.P.W.D. are being approved on the basis of the following higher work-load norms:

<i>Items</i>	<i>Civil Dvn.</i>	<i>Electrical Dvn.</i>
(a) Concentrated Construction Works	Rs. 150 lacs.	Rs. 87 lacs.
(b) Scattered Construction Works	Rs. 115 lacs.	Rs. 73 lacs.
(c) Maintenance & Minor Works	Rs. 55 lacs.	Rs. 29 lacs.

3.3 Asked to state the reasons for delay in taking the final decision in the matter, the Secretary, Ministry of Works and Housing stated in evidence that "this is something which is now actively under consideration and in the near future a decision will be taken."

3.4 In a subsequent written note furnished to the Committee, the Ministry have stated that Central Public Works Department have represented that the workload norms should not be increased without a proper work study by an expert body like Indian Institute of Public Administration or

National Productivity Council instead of S.I.U. The matter is under consideration of Ministry of Works and Housing.

3.5 The Committee were informed by the Secretary Works and Housing in evidence that an upward revision of work-load norms for Civil and Electrical Divisions of the CPWD fixed in 1978 is "actively under consideration and in the near future a decision will be taken". The Committee also learnt that the Central PWD have represented to the Ministry of Works and Housing that the work-load norms should not be increased without a proper work study by an expert body like Indian Institute of Public Administration or National Productivity Council instead of the Staff Inspection Unit of the Ministry of Finance. The Committee desire that the question of work-load norms for the Divisions of the CPWD should be got examined early for suitable upward revision. The Committee further recommend that in future an exercise of this kind should be undertaken at five-yearly intervals as in the case of delegation of financial powers.

B. Delay in execution of works

Time Overruns

3.6 Details of projects costing more than Rs. 2 crores furnished to the Committee indicate time overrun in the case of almost all such projects ranging from one year to 7½ years involving also cost overruns to the extent of, in certain cases, nearly 300 per cent.

3.7 Asked whether any system and procedure had been devised to ensure timely completion of works in view of the fact that delays in the execution of works invariably led to cost escalation and other complications, the Director-General of Works—C.P.W.D. informed the Committee during evidence that—

“In the last few years we have experienced a phenomenon of rising cost and the costs are rising at a phenomenal rate. After we prepared preliminary estimates, and by the time we got the sanctions and called for tenders we found that we were not able to accept the tenders because the costs had gone up and again we had to go to the Government. This was a vicious circle and we had lot of problems. As regards the scope of work, it has not changed. What was envisaged in the preliminary proposals, the office accommodation or the number of quarters etc., is not changed. The increase in costs is mainly due to the increase in the cost of materials and labour. The tender can be accepted by the accepting authority without writing for the Government sanctions. We hope that, we will not face the speedy rising inflation as we did so far.”

3.8 The Ministry have in a written note furnished subsequently, stated that there are several reasons for delay in execution of works and changes are being made in procedures as found necessary and feasible from time to time. A few examples are given below:

- (i) Works were getting delayed as tenders could not be accepted since the tendered amount went beyond sanctioned amount due to increase in rates, since the preparation of estimates up to the receipt of tenders. It was necessary to get revised sanction from the client department by which time rates went up further. Ministry of Works and Housing have now delegated powers to accept tenders in such cases subject to certain safeguards.
- (ii) The tenders for works requiring approval of CWA Board were first processed by the Executive Engineer, then by Suptg. Engineer followed by Chief Engineer before these were sent to the Board. Similarly, tenders within the powers of Chief Engineer have been forwarded through the Suptg. Engineer. It has been decided to introduce level jumping in such cases i.e. tenders are forwarded direct by the Executive Engineer to Chief Engineer.
- (iii) Due to constant increase in prices, a number of works were slowed down and abandoned by contractors, since they could not execute the work within the tendered rate. The existing escalation clause provides for very little compensation. A revised escalation clause has been framed in order that the contractors may be compensated for the increase in market rates. The proposal is under consideration of Government.

3.9 The Committee find from the details of projects costing more than Rs. 2 crores furnished to the Committee by the Ministry of Works and Housing that in the case of almost all such projects there were time overruns ranging from 1 year to 7½ years, involving also cost overruns to the extent of, in certain cases, nearly 300 per cent of the original estimates. The main reason adduced for the delay in the execution of works is the rise in the cost of material and labour at a phenomenal rate. The Committee hope that with the steps taken by the Ministry of Works and Housing such as introduction of level jumping in the matter of processing of tenders, proposal for revision of price escalation clause in the contract and empowering the CPWD officers to accept tenders without waiting for revised sanction from the Client Department, would facilitate speedy progress of works and their completion according to time targets. They would however emphasise the need for constant monitoring of atleast major works and taking prompt remedial action to ensure timely completion of works without unjustified escalation of cost. This review should be at the level of Secretary, Ministry of Works and Housing.

Delay in According Administrative Approval and Expenditure Sanction.

3.10 It was observed from the Preliminary information furnished by the Ministry that in a large number of cases of shortfalls in expenditure against the Budget Estimates for 1981-82, the reason indicated is "Non-Receipt of administrative approval and expenditure sanction."

3.11 Asked whether the new projects included in the budget were not fully worked out proposals, the Ministry in a written reply have submitted that "while, in general, the new projects included in Non-Plan Budget are sanctioned Schemes, in some cases, projects which are decided to be taken up and expected to be sanctioned during the next few months are also included. However, delay may occur in getting sanction due to various reasons such as non-availability of land, finalisation of detailed requirements, acceptance of preliminary architectural drawings, processing of estimates.

3.12 Plan schemes are prepared by the Departments concerned and financial allocation against these is got approved by these Departments from the Planning Commission in their Annual Plan Discussions. The works component of the schemes so approved is then communicated for inclusion as such in this Ministry's Grants so that these provisions tally with the provisions communicated by the respective Departments to the Ministry of Finance in connection with their own Budget Estimates."

3.13 On the question as to what was the percentage of cases where feasibility reports/project reports were not ready before inclusion in the Budget, the Ministry have furnished the following note:

"Feasibility/project reports are not needed in a large number of construction works proposals as the expenditure and technicality involved would not warrant it. Feasibility reports can be dispensed with by the Departments in consultation with their F.As. in respect of largely construction works for office or residence, research and development schemes, hospital etc. as also those which are predominantly staff oriented. As such working out any percentages for the purpose will not be a realistic proposition."

3.14 The Ministry in a note have further stated the reasons for delay in according administrative approval and expenditure sanctioned as under:

"Time taken for accord of administrative approval and expenditure sanction differs from case to case. Various steps involved acceptance of the proposals in principle by the Depts. concerned, preparation of feasibility/project reports if considered necessary, acceptance of these reports, preparation of preli-

minary estimates in consultation with the CPWD, obtaining approval from the competent authority, like the Expenditure Finance Committee etc. Depending upon the circumstances in each case these steps would take different time. It is, thus, difficult to indicate an average time.

Expenditure sanction is issued alongwith the administrative approval. . . . Technical sanction in respect of a work is accorded by the officers of the CPWD themselves according to the delegation of powers in this behalf. The stages, leading to a technical sanction mainly are:

- (i) furnishing of building requirements by the Client Department,
- (ii) consultation of C.P.W.D. officers with the representatives of the Client Department for firming of their requirements, and
- (iii) preparation of drawings, designs and detailed estimates etc. on the basis of these requirements.

3.15. Keeping in view the complexities of the situation, in respect of functional requirements of the Deptts. and the steps involved, it will not be practical to fix a time limit. However, some guidelines could at best be attempted and discussions raised to senior levels of SA, SE and CE with the Heads of Deptts., when considered justified.

3.16 In reply to the question whether it was possible to ensure that administrative approval was obtained and detailed project report was prepared before inclusion of a new work in the Budget, the Ministry have stated:

“It is generally ensured that administrative approval/expenditure sanction is available before the scheme is included in the Budget Estimates for the next year. However, in exceptional cases where a new scheme is accepted in principle and the expenditure sanction is likely to be issued within the next few months, the rules permit making token/lump sum budget provision. The ‘new works’ proposals received from different Ministries are subjected to close scrutiny keeping in view these provisions and amounts for new works are suggested accordingly. However on the plan side the provisions are included as approved by the Planning Commission. Keeping in view the strict time schedule for preparation of the central Budget, it is not possible to scrutinise the proposals within the short span of 2-3 days available with this Ministry for conveying works provisions to the Budget Division of the Ministry of Finance.

3.17. Asked to state whether there was any rush of expenditure during the last quarter of 1981-82 and if so, what were the reasons therefore the Ministry, have stated:

“There was no rush of expenditure on works in the last quarter of 1981-82 *vis-a-vis* previous quarters of the year than compared to the extent of expenditure incurred during those periods in the previous years. In the beginning of the year the ‘Vote on Account’ valid till end of May does not permit new works to taken up. Moreover, due to the monsoon season in many areas, work cannot pick up before September/October. The new works, therefore, pick up full tempo in the last 3-4 months of the financial year. The number of bills, thus, received in the latter part of the year when the works have made good progress, is more, resulting in larger payments than were made in the earlier part of the year. In respect of supplementary grants provided during the financial year, the expenditure will be incurred in latter part of the year. These facts account for a higher level of expenditure in the last quarter of 1981-82 as compared to previous quarters.”

3.18 The Committee note with concern that admittedly in some cases just project ideas are included in the Budget Estimates of the CPWD and the administrative approval, expenditure sanction and technical sanction get delayed with the result the funds are surrendered at the end of the year. The Ministry, however, is not in a position to state the percentage of such cases where the projects were included in the Budget prematurely; nor is the Ministry able to indicate the average time taken to complete all the formalities in such cases. Further, the Ministry is of the view that it will not be practical to fix the time limit to ensure prompt completion of the formalities so that the works could start without avoidable delay. The Committee are unable to agree with the Ministry. They would require the Ministry to undertake a case study of atleast a few cases and then evolve a time table for the various processes in consultation with the Ministry of Finance and other administrative Ministries.

3.19 The Committee recommend that a work should be included in the budget estimates of the Central PWD only after the administrative approval and expenditure sanction. This would enable better project planning and execution of work in accordance therewith.

3.20 The Committee are unable to appreciate the reasons indicated for rush of expenditure on works during the last few months of the financial year. They would like the Ministry of Works and Housing and the CPWD to give a serious thought to this problem and devise ways and means for an even spread of the expenditure throughout the financial year. This would make for better expenditure control.

C. Maintenance of Buildings

Permissible Expenditure on Maintenance of Buildings

3.21 Prior to 1978, norms for maintenance of Central Government buildings, both for Annual Repairs and Special Repairs, were laid down on the basis of percentage of cost of construction. In August, 1978, the permissible expenditure for maintenance of Central Government buildings was laid down on the basis of actual plinth area of the building, as follows:—

Category	Rate per sq. m. as approved	
	Civil (Rs.)	Elect. (Rs.)
<i>Residential</i>		
1. Type I to IV	3.5	1.25 (concentrated group of qtrs.) 1.50 (scattered qtrs.)
2. Type V and above	4.5	1.50 (in Metropolitan cities) 1.75 (in other cities where qtrs. are scattered)
3. MP's Flats, Ministers Bungalows and Supreme Court Judges Resds.	7.00	3.00
4. Hostels	4.5	2.00
5. Rashtrapati Bhavan, Vice President's House & P.M.'s House	Actuals	Actuals
<i>Non-residential</i>		
1. Normal Office Buildings	4.00	2.00 (where offices are few) 1.75 (where large office complexes are situated)
2. North & South Blocks	2.00	1.50
3. Parliament House and Extension	7.50	5.00
4. Temporary Office Buildings	4.00	1.75 to 2.00 (Rs. 1.75 for concentrated group & 2.00 for scattered office buildings)
5. Supreme Court	7.50	3.00
6. Hospitals	10.00	4.00
7. Dispensaries	10.00	3.00

It was also stated in the Circular that the above rate of expenditure for maintenance and repairs will be reviewed in April, 1980 on the basis of experience gained in a period of next two years of operation.

3.22 As regards Special Repairs on the basis of plinth area, the Ministry of Works and Housing have stated that the proposals are under the consideration of the Ministry. Meanwhile, the earlier norms on the basis of percentage of cost of construction are being followed.

3.23 The Ministry have also stated that a committee was appointed under the Chairmanship of Shri Harish Chandra for revision of norms of repairs and maintenance expenditure on the Central Government buildings. The Committee has submitted its recommendations and the proposed revised norms are under the consideration of the Government.

3.24 When asked by the Committee that by what time do the Ministry expect to announce the revision of the existing long outdated norms for maintenance and special Repairs to buildings, the Secretary, Ministry of Works and Housing informed the Committee during evidence that "the Committee submitted its report last year and the recommendations are at the final stage of examination. We expect that very soon we will be able to take a final decision". The witness further added that "certain norms for staffing have been suggested and the unions were not accepting some of the norms. One is the staff norms and the other is financial norms. We cannot give a firm date but depending on the staffing norm being resolved within three to four months time we will be able to complete the work".

3.25 As there has been a steep escalation in the cost of building materials and labour, there is an urgent need for revision of the norms of expenditure for repairs and maintenance of Central Government buildings laid down in 1978. The Committee agree that the expenditure should be related to the Plinth area rather than to the cost of construction. The Committee hope that the Ministry will take expeditious decisions on the recommendations of the Committee appointed to go into this question as well as staff norms. The Committee further desire that there should be a review of the norms as frequently as warranted.

D. Schedule of Rates

Revision of Schedule of Rates

3.26 It was represented in a memorandum submitted to the Committee that "the department does not prepare the schedule of rates every year and for years together they continue to invite tenders on old schedule of Rates".

3.27 During evidence of a non-official organisation it was pointed out that "until four to six months back 1977 schedule was working. We have requested them (CPWD) to consult us whenever they prepare the schedule. Even that is not done".

3.28 Asked to comment on the aforesaid position, the Director-General of Works CPWD stated in evidence that "1977 Schedule of Rates was observed till the 1980 Schedule of Rates came into effect on 1-1-1981. Thereafter, on 1-10-82 we got the schedule of rates of 1981 printed. As far

as Schedule of Rates is concerned, we have computerised the whole of the calculations and we hope to——(uptodate) the Schedule of Rates every year”.

3.29 Now that the process of revision of Schedule of Rates has been computerised, the Committee hope that, as assured to them by the Director-General (Works) the Schedule of Rates would be reviewed and updated on annual basis.

E. Work by Contract

Enlistment and Blacklisting of Contractors

3.30 The system of enlistment of Contractors has been described by the Ministry of Works and Housing as follows:—

“This department selects|enlists contractors for award of following types of works:

- (i) Building and Roads
- (ii) Sanitary & Water Supply
- (iii) Furniture
- (iv) Electrical Works.

3.31 The Department maintains approved list for each of the above-categories of contractors. The approved list is reviewed periodically (i.e. after every three years) with a view to recommending weeding out of those contractors who have not taken up CPWD works. Works are normally awarded to the contractors whose names appear in the approved list of this Department as well as to contractors of equivalent categories enlisted with P&T|State PWD|Railways|MES on the basis of the rates quoted by them”.

3.32 Asked to State whether the Ministry|CPWD maintained upto date lists of contractors of various categories approved by P&T|State PWD|Railways and MES, the representative of the Ministry of Works and Housing informed the Committee that “CPWD does not maintain a list of Contractors who are registered with other departments like P&T, State P.W.D.s etc. I think the Ministry also does not”.

3.33 The witness added that “those registered in P&T, MES etc. come to the Executive Engineer for submitting tender papers, and show the registration, on the basis of which the latter issues necessary papers. The Officer ensures that their registration is current”. Explaining the procedure followed for registration of contractors, the witness stated that “we get application ~~from them~~ For registration in a particular class or category, we verify

their past experience. They also have to produce certificates from agencies for whom they had done work satisfactorily. At least three works of a particular magnitude should have been done. They have to give details of the organisation and equipment they have, in the application form. The application for enlistment of a contractor is scrutinized by a Committee, and put up to the Director-General".

3.34 The witness further informed the Committee that "as a new entrant, he (applicant for registration) will have to enter only in class IV or V. Our executive Engineer and others allow them to tender for works upto Rs. 5,000/- and after having experience, he applies for higher class.

3.35 Asked to state whether the list of approved contractors was periodically reviewed by the Department, the witness informed the Committee that "We do it once in three years. People get registration in CPWD, but they may not work. They will work for MES. There is no idea in keeping on our list, a man who has not done any work for us for three years".

3.36 Asked whether the CPWD was having a system of black-listing the contractors whose performance was poor, the Secretary, added that "In extreme cases they can be blacklisted also." Asked whether the bad contractors were blacklisted for a specified period or indefinitely, the witness informed the Committee that "it is for a period of three years or something specified in the black-listing order".

3.37 Apart from the contractors approved and enlisted by the CPWD, the contractors who are registered with the P&T, State PWDs, Railways, MES etc. are also eligible to take up works in the CPWD. The CPWD or the Ministry is however not maintaining an up-to-date list of contractors registered with organisation others than CPWD and works are awarded to such contractors on the basis of registration papers shown at the time of submitting tenders and it is left to the officer issuing the tenders to ensure that their registration is current. This does not appear to be a fool-proof system of ensuring that only approved and enlisted contractors are awarded work in the CPWD. The Committee would like the Ministry of Works and Housing and the CPWD to review the existing procedures so as to leave no scope for any malpractice.

Non-availability of Tender-Documents

3.38 In a non-official memorandum furnished to the Committee it was stated that, "the tenders are advertised and the date is fixed for receiving the tenders, but the tender documents are not ready with the Divisional Officer and in almost 90 per cent cases the cover sheet is issued to the contractors and the main tender documents i.e. the notice inviting tenders

is handed over to the Contractor only one day earlier or generally on the date of receiving of the tender”.

3.39 Explaining the factual position in this regard, the representative of the Ministry stated during evidence that “tender documents are always available with the executive engineer before he issues press notice inviting tenders. In fact, according to the procedure, sale of tender documents is stopped two days before the stipulated date of receipt of tenders. So, there is no question of non-availability of tender documents.”

3.40 The complaint of non-availability of complete tender documents to the contractors in 90 per cent cases is a serious matter. Though the representative of the Ministry denied this, the Committee would like the Ministry and the CPWD to issue strict instructions to their subordinate agencies that the tender documents sold to the contractors should be complete in all respect and any complaint received in this regard from the contractor should be investigated promptly by senior officers and action taken against those responsible for the lapse.

ARCHITECTURAL WING

Non-availability of Drawings with Tender Document

3.41 CPWD has an elaborate Architectural Wing headed by Chief Architect with an Additional Chief Architect and 25 Senior Architect Units with supporting staff under him. However it has been represented to the Committee by a non-official organisation that the Architectural Wing of the CPWD is weak, and that it is not organised for the purpose which it was to serve, and that the tenders are invited without drawing, the work is awarded and the Contractor is given the date of start and is asked to commence the same. It was also stated by the same Organisation in evidence before the Committee that “when tenders are invited the drawings are not supplied to the contractors with the result they cannot finish the work in time. We are interested in finishing the work in time because delay means extra overhead expenditure. Sometimes they say that drawings are available only for the 1st floor whereas the building has to be twelve storeyed building. Some times they quote drawing numbers in the nomenclature of the tenders and when we go to see the drawings we are told that the same are not available.”

3.42 During evidence the representative of the Ministry of Works and Housing was asked whether the designs and drawings were invariably ready before tenders for work were called and made available to the tenderers for reference. He replied:—

“.....before we call tenders for a work, all the designs and all

and sufficient details are ready. But all the designs and all the drawings required for the execution of the work are not invariably ready before we call for tenders. As soon as we receive the administrative approval and expenditure sanction the client Department is generally in a hurry that the works on the site should commence with the least possible delay. So, we do not spend the full time required for completing all the drawings, but before we call for tenders, the main working drawings of the building and sufficient structural details, that is, details of foundations and upto the First Floor level are made ready so that as soon as the work is awarded there is no difficulty in starting the work. Then as the work progresses, we draw up the programme and complete the other drawings and supply them to the contractor and the Executive Engineer-in-charge."

Further, according to the witness after the project was sanctioned, "preparation of the drawings including . . . structural details takes 4 to 6 months. In this period, we also receive tenders and complete other things." The representative of the Ministry was asked that, if the tenders were called without detailed drawings and structural details, how could, in the case of a price rise or change in the quantum or nature of work on account of the change in design, the rates quoted by the tenderer would hold good. The representative of the Ministry replied:—

"If there is no price escalation or change in the drawings during the period, it does not make a difference of more than 3 to 5 per cent. Due to change in requirements, sometimes, there is some change in the drawing and there is cost over-run."

He, however added:—

"Most of the works are executed on item rate contract. The contractor is given a schedule of quantities indicating the rough assessment of the departments of the quantities of each item and he tenders unit rates for each item and the payment is made on the actual measurements at site. Unless there is a drastic change in the whole concept of the building, the contractor does not lose, because he is paid on the quantity of work done. If the contract is for a lump sum amount, and if any changes are made in the design drawings etc., the contractor may be put to a loss. But in an item rate contract, generally the unit rates are based on the drawings already available with the contractor, and the contractor does not lose because he is paid on the basis of the work done."

Supplementing him the Secretary, Works & Housing said:—

“This does form one of the items of dispute. . . . There are cases where because of the change in the design and drawings, disputes are there.”

3.43 It was suggested that when the work of preparation of detailed designs was in any case to be done by the CPWD, why should the work not be completed earlier. To this the representative of the Ministry replied:—

“We agree with it. The CPWD Manual also requires that all the design drawings should be ready before we go in for tenders. I had explained to you the system on which we are working. It is correct that all the drawings are to be prepared by us, but they are at present engaged in preparing further details of the design of the buildings which are now under construction. Unless we stop taking up the new works, and complete the on-going projects first we will not be able to achieve what you want.”

3.44 Asked whether it was not possible to minimise the problem by introducing the system that tenders might not be called until the drawings were completed, he replied:—

“We will make efforts and try to overcome this situation and try to come to the position that you envisage.”

On-Course revision of Drawings

3.45 It has been stated in a memorandum submitted to the Committee that “even when the drawings are received in time (which rarely happens), there are innumerable changes from day to day, and the Architect continues to interfere when the work is being executed as a result of which nomenclature of several items of agreement is changed, the work is delayed and it leads to inordinate delay in the payment of the final bill and ultimately leads to arbitration.” The memorandum therefore, suggests that “once these drawings are duly agreed to, no Engineer/Officer or architect should have the power to make any change in them.”

3.46 Asked to comment on the aforesaid position, the representative of the C.P.W.D. stated in evidence that “while we appreciate that once the work starts no changes should be made in the drawings but after all ours is a service department and the clients come forward and think that something should be changed and they force the architect to make changes. So sometimes we are forced to accept these changes and in such cases we make changes. By and large, we do not want to make any change because

3.47 In a subsequent written note the Ministry have, dealing with this problem, stated:—

“The departmental procedure provides that a set of all drawings should be available before the tenders are called for any work.

This is generally followed in most of the cases. Instructions reiterating the same have also been issued. It will not be correct to say that there are innumerable changes in the drawings, from day to day and the architect continues to interfere during the execution of work. Anyhow some changes to suit the changes requirement of clients may be inescapable. The department has already taken steps in the right direction to standardise a number of drawings for residence to minimise the changes. It will, however, be impracticable to rule out changes together in the buildings during execution and it can better be left to the concerned Chief Engineers to use his discretion in such matters.”

3.48 Ministry of Works and Housing have replied to another question stated that changes in designs and drawings sometimes become necessary since “certain aspects are better visualised properly after the building has come to some stage.” Replying to the question as to what was the percentage of cases where the drawings had to be changed in recent years, the Ministry have stated that such information is not available.” They have, however, indicated that in 4 Zones of the CPWD there were 13 cases which had gone to Courts on account of delay or non-supply of drawings to the contractor by the Department.

3.49 The Committee recommend that CPWD should so arrange its organisation and procedures as to ensure that the designs and drawings in respect of works to be taken up are completed before tenders are called for award of work and the drawings are made available to the contractors along with tender documents and oncourse changes in designs and drawings should be discouraged in order to avoid delay in execution of works and disputes with Contractors.

Escalation Clause in Agreement

3.50 It was represented to the Committee in a memorandum furnished to the Committee that “there is no escalation clause in contracts in spite of day to day increase in the cost of building materials and labour.” It was also suggested that “an easily workable, just and fair escalation clause based on building materials indices and not based on the consumer price index or the wholesale price index should be incorporated.”

3.51 When asked why was an escalation clause not included in the contract, the representative of Ministry informed the Committee during evidence:—

“It is still under consideration. In most of the contracts which we entered into three or four years ago there is no such clause in the contract about the rising price except that the statutory increases are brought about for reimbursement. That too only respect of certain material. The contractors were finding themselves handicapped because of this, particularly in respect of contracts which were running into two-three years. The Govt. constituted a high level committee to examine whether any changes were required to be made in this escalation clause and, if so, what changes. The new clause has been drafted. It is under process of the Government. We are very hopeful that this new clause about price escalation will be introduced very shortly. Once this is introduced, the contractors will not have any hesitation in contracting the tenders.”

3.52 The Ministry have furnished the following further information on the question of introduction of an escalation clause in contracts:—

“The high level committee appointed by Government of India, Ministry of Works & Housing have already submitted the recommendations for modifying clause 10(c) of the standard contract to provide for compensating the contractors for increase in rates of materials and labour during the currency of the contract.

The modified form has been vetted by the Ministry of Law and will be implemented after approval of Ministry of Finance is obtained. The All India Wholesale Prices Index published by the Ministry of Industry and the consumer Index for Industrial labour (All India) published by the Ministry of Labour are the basic parameters suggested by the Committee for working out the escalation in prices. The Committee has also envisaged that building cost indices worked out on All India basis could be the parameter when such index is evolved and published regularly. This job has been entrusted to the National Buildings Organisation who is already on the job. The N.B.O. has conducted a workshop to collect preliminary data on the different types of constructions being adopted in the various parts of the country and also the weightage of different materials and labour for these types of constructions so that one ready-to-refer building cost index could be evolved for the whole country.”

3.53 According to the Ministry, at present, so far as CPWD was concerned; "such indices for places where we are having works are finalised by Chief Engineers. These are reviewed and brought upto date from time to time and circulated to all concerned."

3.54 As noted earlier in this Report one of the main reasons for the slow progress of contractor works is the escalation of prices compelling the contractors to abandon the works. The Committee understand that proposal for modifying Clause 10(c) of the Standard Contract Form to provide for compensating the contractors for increase in rates of materials and labour during the concurrency of the contract, is awaiting approval of the Ministry of Finance. The Committee urge an early decision in the matter in the interest of smooth execution of works.

Settlement of Dues of Contractors

3.55. In a memorandum furnished to the Committee it was stated that "the settlement of dues of the contractors generally takes very long time. This causes lot of hardship to the contractor. Many contractors are now giving rebate for payment of final bill within a period of 3 to 6 months.

3.56. A retired Director-General of Works, CPWD also informed the Committee during non-official evidence that "the main difficulty at present is that after the execution of the work certain objection from Chief Technical Examiner or from such other persons remain pending. The second difficulty is that the sanctioning of the extra items remains pending. Unless these two items are settled, the final bill of the contractor is not finalised with the result that it is harming the interest of the government to a large extent. If they are not finalised, they serve a notice and will charge interest; and ultimately, they go to arbitration; and the arbitrator says, yes, there was a fault of the Deptt., so it is absolutely essential that they should be settled and the bills should be finalised, within six months."

3.57. It was also suggested to the Committee that, "it should be obligatory on the officers to pay the final bill within 6 months of the completion of the works and a clause be introduced in the agreement that if payment of final bill is not made within 6 months from the date of completion of work, interest will have to be paid to the contractor on the amount of the final Bill. This clause will force the executive staff to ensure that the payment of interest to the contractor will attract attention of audit and reflect on the efficiency of the officer."

3.58. In this connection, the Ministry have submitted as follows:—

"The existing condition in the standard contract itself provides for expeditious payment of final bills. An extract clause 7 in the

standard contract form is given below, which explain the position.”

Clause 7

The final bill shall be submitted by the contractor within one month of the date fixed for completion of the work or of the date of the certificate of completion furnished by the Engineer-in-charge and payment shall be made within three months if the amount of the contract plus that of the additional items is upto Rs. 2 lakhs and in 6 months if the same exceeds Rs. 2 lakhs, of the submission of such bill. If there shall be any dispute about any item or items of work then the undisputed item or items only shall be paid within the said period of three months or six months as the case may be. The contractor shall submit a list of the disputed items within the thirty days from the dis-allowance thereof and if he fails to do this, his claim shall be deemed to have fully waived and absolutely extinguished.

In addition, many contractors include conditions in their offers giving rebate if timely payments are made and these are invariably accepted. In this background, therefore, the condition proposed in the questionnaire may not be required. What is wanted is taking adequate measures to keep a watch on clearance of final bills and taking corrective measure where delays occur.”

3.59 The Committee are distressed at the complaint that the final bills of contractors remain pending for long for one reason or the other. The provisions of Clause 7 of the Standard Contract Form, which have been quoted by the Ministry in this connection, do not go very far in ensuring finalisation of the contractors' bills within a reasonable period especially if there is a dispute about any item of work. The Committee recommend that this Clause of the Standard Contract Form should be suitably amended so as to enjoin upon the officers of the CPWD an obligation to take final decision in regard to the items in dispute between the contractor and the CPWD within a specified period and for final payment to the contractors within a certain time limit. This would instil in the mind of the officers a degree of seriousness in taking prompt decision on matters in dispute and finalising the bills of contractors without undue delay. A review of final bills pending for more than six months by the CEs/DG Works as well as by the Ministry will go a long way in expediting the payment. An analysis of pending final bills should also be invariably included in the Annual Reports.

Arbitration

3.60 In a memorandum submitted to the Committee it was represented that "the system of appointment of an arbitrator by the Government of their own officers should be discontinued and the party i.e. the contractors, should also have a say in the appointment of arbitrators. Very genuine and fair demand is that an independent engineer arbitrator will only be the right solution." It was suggested that "the Indian Council of Arbitration, a semi-government body, should be asked to prepare a comprehensive list of engineer arbitrators and that those seeking arbitration may submit three names of their choice from this panel and the council may appoint anyone out of these three as the sole arbitrator."

3.61 Giving their reaction to the above representation and suggestion, the Ministry of Works and Housing have stated that the standard contract form clause 25 provide for appointment of a single arbitrator by the Chief Engineer-in-Charge. The Ministry have get a panel of arbitrators from whom one is chosen by the Chief Engineer for any particular job. As per the existing practice, the arbitrators are mostly drawn from sources other than Central P.W.D. and the system is found to be functioning very satisfactorily. There has hardly been any occasion when the courts of the land have to comment about the inadequacy of the system. Hence the existing system does not appear to call for any change.

3.62 Offering their comments on the suggestion that "Arbitrators may also be appointed at places outside Delhi to settle the cases in the Region", the Ministry have stated:—

"The arbitrators appointed under the present system conduct their proceedings outside Delhi also according to the requirement of the examination of the disputes and there is no necessity, therefore, for appointing an arbitrator at places outside Delhi as there will be innumerable locations in India where C.P.W.D. executives work. The venues of the proceedings are always fixed by the Arbitrator taking into consideration the circumstances like preference and convenience of both the parties concerned and the site where the work was executed. There appears to be no necessity for change in the existing procedures."

3.63 The Committee find merit in the argument advanced before them that a contractor whose dispute was being referred for arbitration should also have a say in the appointment of the arbitrator. Despite the views of the Ministry that the system is "found to be functioning very satisfactorily", the Committee desire that the question should be examined in consultation with the Ministry of Law. The desirability of associating judicial officers with arbitration of major disputes may also be examined in this connection.

CHAPTER IV

MATERIAL MANAGEMENT

4. Availability of Materials

4.1 It was submitted before the Committee that "very often the execution of works cannot commence or their progress is hampered on account of non-availability of scarce raw materials in the CPWD stores e.g. cement and steel." In this connection, it was suggested that, "no work should start unless the Department has got in hand or has definite arrangements for the supply of all stipulated material."

4.2 Giving their reactions, the Ministry of Works & Housing have furnished the following note:—

"CPWD executes projects on behalf of several Ministries, Organisations and Departments of Government of India and due to several pre-construction activities in most of the cases, the time taken between submission of estimates and receipt of A/A&E/S extends upto a few years. Under the circumstances, it is difficult to forecast with any amount of certainty what projects will be taken over the next one year. However, with the data available in the Budget Estimates attempt is made to assess the requirements of commodities like Cement and Steel and action to procure them is taken.

There have been instances in the past, when the execution of works was delayed on account of non-availability of scarce materials in the CPWD stores like Cement and Steel. Both these items are controlled by Government through Cement Controller and through Iron and Steel Controller respectively. The allotment of Cement to CPWD has been progressively reduced from 90 thousand tonnes per quarter in 1979 to 68,800 MT quarter in 1982 onwards. On the other hand, the work load during these 3-4 years has increased. Moreover CPWD does not enjoy priority in the matter of allotment of Cement as is enjoyed by Defence, Irrigation and Power etc. Due to severe power cuts and at time non-availability of wagons, there has been scarcity of Cement on several occasions, though for short spells during the last 3-4 years. In case of Steel, we were not able to get adequate allotment from JPC and therefore there was scarcity of Steel also prior to 1981. Now with the

import of steel by SAIL for CPWD the position of availability of steel for the time being is satisfactory.

Efforts are already on foot to get increased allotment of Cement or supplement this inadequate allotment with procurement of non-levy cement/imported Cement, so that the total availability of cement and steel is sufficient to cope up with the work load. Moreover, both these items being very costly, it may not be feasible to keep heavy stocks of these items, more so because of the fact that cement has got a limited shelf life."

Procurement of Machinery/Equipment through DGS&D

4.3. Stating the existing system of procurement of certain material through DGS&D, the Ministry have submitted as under:—

"The existing system, by and large, is working satisfactorily. While there are instances of delays in supplies of equipments procured through DGS&D, in respect of very important works DGS&D has been able to respond to our urgent needs and to effect supplies of equipments in time.

The instances where there has been delay in supply of equipment are mainly because the cases involved exchange of correspondence between DGS&D on the one hand and the supplier or the CPWD on the other side, regarding specifications and terms of supply of the equipment. To reduce the time factor in this process, Government have sanctioned the post of a Liaison Officer of the rank of a Superintending Engineer in CPWD who will be in touch with the CPWD and the DGS&D Officers and expedite the cases where DGS&D needs clarifications from CPWD on certain aspects and also to expedite DGS&D in placing the orders on the suppliers and to take further follow-up action after the supply order is placed by the DGS&D. The improvement achieved as a result of the new arrangement will be watched and further suggestion considered necessary will be sent to Government at the appropriate time."

Centralised procurement and distribution of materials

4.4 In a memorandum furnished to the Committee it was stated that:—

"in construction projects cement and steel are major items of materials to be arranged by the department. Acquisition and distribution is channelised at present by one of the units attached to a zone in New Delhi. So much of centralisation for an All India Organisation creates bottlenecks at all stages."

It was further stated that:—

“since regional Chief Engineer has full powers of technical sanction and scheduling of work he can plan and order the flow of materials required in his zone.”

4.5 Asked to comment on the need and desirability of decentralising the system of procurement and storage of materials at regional levels, the Director General of Works—C.P.W.D. explained in evidence:—

“acquisition of stores is centralised in Delhi only for Works in Delhi. We have a number of zones working in Delhi and there is one Organisation which purchases these materials and distributes to people working in Delhi. For those who are working outside Delhi they have their own authority. They purchase their cement and steel directly and do not go through Delhi office. Only allocation is received by the Central Office which is distributed to each zone.”

Centralised Monitoring and Control

4.6 In a memorandum furnished to the Committee by a Retired DG, CPWD it was represented to the Committee that:

“there should be a system of reporting so that Director General (Works) knows at least twice a year as to what is the total value of stock in the entire CPWD and in case it is increasing without justification he will have to take remedial measures to control it.”

4.7 Commenting upon the aforesaid suggestion, Director-General of Works stated in evidence that:—

“there is strict inventory control by CPWD. Under the present system we fix the stock limit for each and every Division. This is approved by the C.E. taking into account his workload and his jurisdiction. He fixes the limit for the Division. The total holdings for one particular year shall not exceed that particular level. We get a report in our Central Office here. Quarterly report is there about the value of the stock in the entire C.P.W.D. Every quarter our DGS&D office gets such a report. We know what is the total value of the stocks in the C.P.W.D. In the case of some important building items, we have introduced modern methods. We have done ABC analysis. We have fixed the basis for critical level, safety level, maximum level, reordering level and so on. For reordering level, the limit is fixed because the Executive Engineer knows

he has to initiate action for getting more materials in time when he needed them.”

4.8 The Committee have been informed that while the position of availability of steel for works undertaken by the CPWD is for the time being satisfactory, the inadequacy of allotment of levy cement to the CPWD may compel the CPWD to make supplementary purchases of imported or non-levy cement both of which are very costly. The quarterly allotment of cement has been progressively reduced from 90,000 tonnes in 1979 to 68,000 tonnes in 1982 despite increase in the work load of the CPWD. The Committee would like that the matter be taken up with the Cement Controller and the Ministry of Industry at the level of the Ministry of Works and Housing.

B. Quality of Cement in Use

Use of sub-standard cement

4.9 It was pointed out by the representatives of a non-official organisation that “80 per cent of the ISI marked cement supplied by the factories to the CPWD is below the standard quality.”

4.10 During evidence the Committee desired to know from the representatives of the Ministry about the quality of cement being used in the works under execution by the CPWD. The Director General Works replied:

“At present, two types of cement are being manufactured...one is called Ordinary Portland Cement (OPC) that is what we use for RCC, Portland Pozzolana Cement (PPC) is being used for other types of work like flooring and plastering. But when we buy the non-levy cement, we send it for testing before use.”

4.11 As regards the quality of the Pozzolana cement the witness said:

“Even Pozzolana cement, according to specifications, is strong enough for work. But we test the cement to see that it conforms to the standard...The PPC takes more time to achieve its strength.”

4.12 The Secretary (Works & Housing), describing the various kinds of the cement being manufactured and in use, stated:

“Actually, this Pozzolana cement mixture consists of, 15 per cent of other materials which are recognised materials and which are mixed in the cement factories themselves. The only difference is that the time for setting is more in the case of Pozzolana cement and therefore Ordinary Portland cement

must be used where the setting time is limited and for heavy beams and things like that. For RCC work, the Portland cement must be used. The third variety is called Portland Special Cement which is used for railway sleepers and so on. That is a superior variety."

4.13 Asked whether it was on account of the use of Pozzolana cement that complaints were being made of sub-standard construction work, the Secretary (Works & Housing) said: "We will check it."

4.14 It was pointed out to the witness that the use of the Pozzolana cement even for plastering was no good. Thereupon the Director General of Works (CPWD) stated:

"We have also got our misgiving on this. I may just inform the Committee that we have, in fact, tried our level best and with the help of the Ministry to get Ordinary Portland cement for our work. Unfortunately, the Cement Controller and the Ministry of Commerce and the Ministry of Industries are not agreeing.

Now, we have taken two fold action. We have issued instructions that all important works should be executed with the Portland Ordinary cement. In collaboration with the Ministry of Transport who are also building a number of bridges, a sort of committee has been set up which is conducting a study on Pozzolana cement."

4.15 The Secretary (Works & Housing) also revealed to the Committee that Pozzolana cement had been in the market for the last 5-6 years and that, previously there was no difference in the prices, now the prices were different.

4.16 The representatives of the ISI was asked to indicate the constituents of pozzolana cement. He stated:

"Pozzolana cement will be Ordinary Portland cement with replacement with Pozzolana to the extent of 10 to 25 per cent mainly either in the form of surhi or in the form of fly ash."

4.17 The Secretary (Works & Housing) agreed with the suggestion from the Committee that the bags containing the different types of cement should be of different colours. Commenting on this suggestion the representatives of the ISI said that:

"We have said in the Indian Standard that the Pozzolana cement should be very clearly marked either by indicating that it is Pozzolana cement in writing on the bag or a bright colour

band should be there to distinguish it. The manufacturers pointed out that there was some difficulty in marking in this manner as they sometimes use the old bags.

4.18 As for the penalty for infringement of the conditions of the Certification Mark, the representative of the ISI said that Clause 13 of the 1952 Act provides for a penalty of upto Rs. 10,000 for misuse of the certification mark. However, recently an amendment has been proposed which is under examination of the Law Ministry where it has been proposed to enhance it to Rs. 1 lakh and/or rigorous imprisonment upto one year. He also said that in the proposed amendment powers have been sought for search and seizure.

4.19 The Committee asked the representatives of the Ministry of Industry whether there was any control in regard to the quantity of cement of different varieties which a factory could manufacture and how was it ensured that the general public was able to identify and distinguish the different varieties of cement being sold. He replied:

“when we issue a licence (for the manufacture of cement), we do not specify the specific quality of cement as to whether it is Ordinary Portland Cement or Pozzolana cement or Portland Slag cement. When a licence is given we normally indicate the generic name: Portland Cement.”

4.20 Indicating the genesis of the policy of the Government for allowing different kinds of cement, he said:

“There is a system that we have under which no cement manufacturer is supposed to produce any cement which does not conform to the standards laid down by ISI. . . . Government permitted them because there was scarcity of cement in the country. Government said: ‘you can produce any kind of cement provided it conforms to these requirements’ in 1974, Government specifically encouraged the cement manufacturers to produce these varieties. . . . technological examination was there. It was found that after 7 days setting the strength of these cement was the same.”

4.21 Asked to state whether there was any price control order for the three types of cement, namely, the OPC, PPC and SPC, the representative of the Ministry of Industry stated that the price differential was to the extent of 75 paise per bag.

4.22 The Committee pointed out to the witness that some industries had come up with a small investment and were producing something which they called as “a substitute for cement”. Asked whether the operations of such factories were regulated by any law or by any order, the representative

of the Ministry of Industry said: "I do not think so. What they produce is some binding material but not cement."

He further stated that:

"Anything which is not sold as "cement" and is being manufactured in Small Scale Industry is not under the control of the Ministry of Industry. . . . I must admit that these are not under any kind of Government control. Ultimately, it will depend upon the consumer because cement substitute is a very wide term. Even lime is some kind of a cement substitute."

4.23 It was further pointed out to the witness that such small scale industries existed throughout the country, specially in Madhya Pradesh and Rajasthan. These had been financed by the Bank to the tune of crores of rupees. The State Governments had given land and power to them. They were also using the empty bags taken from the big factories. Asked whether the Ministry of Industry would regulate this industry in the national interest, the representative of the Ministry of Industry stated:

"We will get the matter investigated."

4.24 Responding to the suggestion made by the Committee that if such Units were registered with the State authorities, in order to ensure that the common consumer was not cheated and people did not buy it as cement, there should be some colour put into it, the witness assured "we will do it."

4.25 At this stage the representative of ISI informed the Committee that:

"We have a cement Committee which formulate specifications for all cement materials. As distinct from cement, there are other binding materials which are basically lime and pozzolana based, with certain types of additives. These are not dealt with by the Cement Committee, but by a separate Committee called Lime Committee. Basically, it is the lime and pozzolana mixture which is being discussed now."

Elaborating the position in this regard the witness added that:—

"We have brought out IS:4098 specifications for lime pozzolana mixture. It is not to be taken as a total substitute for cement and this is not to be used for RCC works."

Role of Cement Controller in ensuring quality of Cement

4.26 In the context of references to bad quality cement being supplied to CPWD affecting the quality of constructions, the Committee desired a

note being submitted to them in regard to the role of the Cement Controller in the matter of ensuring quality of the cement manufactured by the cement factories. According to the note furnished to the Committee, the Office of the Cement Controller was constituted "primarily for the purpose of ensuring the equitable distribution of cement and its availability at fair price." It is stated that "no statutory powers have so far been given to the Cement Controller regarding quality control."

4.27 For the purpose of ensuring that the cement produced conforms to the prescribed Indian Standard the Central Government have issued two orders, namely, (i) the Cement (Quality Control) Order, 1982 and (ii) Cement Control (Regulation of Production) Order, 1981, under the Essential Commodities Act, 1955. The power to take action for violation of orders issued under the Essential Commodities Act have been delegated by the Act to the State Governments/Union Territories.

4.28. The Cement Controller has however in this connection taken the following action:

- (i) Issue of a circular letter dated 3.3.1982 to State Governments drawing their attention to the specific provision of the Essential Commodities Act and requesting them to take legal action against the defaulters.
- (ii) Drawing of samples at surprise visits from various cement factories, having the samples tested by the Cement Research Institute of India and, in case the sample is found to be sub-standard, taking up the matter with the concerned cement factory with a view to persuading them to meet the quality of cement and ensure that no further sub-standard cement is produced.

4.29 According to the information furnished by the Cement Controller, between 9.6.1980 and 14.9.1982 the number of factories inspected by the Cement Controller's Organisation for taking samples and whose cement was found to be sub-standard was 98. During the period 29.3.1979 to 27.8.1982, the Cement Controller had received 31 complaints of sub-standard cement being produced by the various factories.

Certification by the Indian Standard Institution

4.30 Different kinds of cement were being marketed under ISI Certification which were reported to be substandard in quality. The Committee therefore desired to have a note regarding the Certification of products by the ISI, powers and procedure of the ISI to enforce the certified quality of products and the penalties enjoined for infringement of the conditions of Certification. In a note furnished to the Committee it has

been stated that ISI Certification Mark Scheme is being operated under the provisions of Indian Standards Institution (Certification Mark) Act, 1952 and the Rules and Regulations made thereunder. Under the provisions of this Act, ISI grants licences to the manufacturers to use the Standard Mark on their products manufactured in accordance with the relevant Indian Standard. The penalty for improper use of Standard Mark as provided under Sec. 13 of the Act, is *inter alia* "fine which may extend to Rs. 10,000." The Institution has the power to file a complaint in a Court of the Presidency Magistrate or a Magistrate of the First Class specially empowered in this behalf. The Institution appoints Inspectors for the purpose of inspecting whether any article or process in relation to which the Standard Mark has been used conforms to the Indian Standard or whether the Standard Mark has been improperly used in relation to any article or process without licence. The Inspector has the power to *Retesting of ISI marked Material*

4.31 The ISI Scheme is a voluntary Scheme and the manufacturers desirous of using ISI mark have to apply to the Institution. While granting the licences to manufacturers a scheme of testing and inspection for maintaining control over the product is prepared. In order to check that the Scheme of testing and inspection is followed by the licensees, ISI carries out surprise and supervisory inspections of factories, testing of samples drawn from the factories and from the markets and also investigation of complaints from users of the ISI certified products.

4.32. The ISI has published standards for the following types of cement:—

- High alumina cement for structural use.
- High strength ordinary portland cement
- Hydrophobic portland cement.
- Masonry cement.
- Oil-well cement.
- Ordinary & low heat portland cement.
- Portland pozzolana cement.
- Rapid hardening portland cement.
- Slag cement portland.
- Supersulfated cement.
- White portland cement.

In the 1976 Scheme of testing and inspection for Certification, of (i) ordinary and low-heat portland cement and (ii) Portland pozzolana ce-

ment it has been made incumbent that the following information should be given on each bag or package or on the label applied to it:

- (a) Name of manufacturer and/or Registered Trade Mark, if any;
- (b) Type of Portland cement.
- (c) Name of the material
- (d) Gross weight; and
- (e) Identification in Code or otherwise to enable the date and lot of manufacture to be traced back to factory records.

4.33 The note also contains a list of ISI licensees for Cement. It is noted from the list that in the case of Portland Pozzolana cement the only ISI licensee are three units of the Cement Corporation of India Ltd., namely, Rajban (District Sirmur), Bokajan (Distt. Karbianglong Assam) and Kurkunta (Gulbarga Distt. Karnatak).

Retesting of ISI marked Material

4.34 It was represented to the Committee in a memorandum furnished by a Builders' Association that "there is a provision in the agreement that the contractors will use ISI marked materials. The contractors do comply with this provision and purchase the same from reputed, recognised manufacturers, but the Department insists on getting the same again tested in some Government Laboratory. This indeed is a great harassment."

4.35 Asked to comment on the aforesaid position the Director-General Works of CPWD, stated in evidence that "we permit any material which has the ISI marking to be used in our work without getting a specific approval of the Brand. As a matter of procedure and as a matter of abundant caution or prudence, we have laid down that samples of material which come to the site are sent for test. By and large, the materials which have the ISI certification mark should be able to stand the test. In any case if something is noticed, we report the matter to the ISI so that they can take action against a particular manufacturer who has supplied this. We have made this test mandatory so that the interests of Government are protected.

4.36 The Director General (Works) shared the misgivings of the Committee about the reliability of Pozzolana Portland Cement and informed the Committee that the attempts to get ordinary Portland Cement for the CPWD Works did not succeed. The Committee would like the Ministry of Works and Housing to appoint a Committee of Engineers and Technologists, including a representative of the Indian Standards Institution, to go into the matter and report their findings regarding the relative

strength of various kinds of cement, giving their recommendations regarding their use for different types of construction works and processes. The findings and recommendations of the Committee should be given wide publicity.

4.37 The quality control of cement production in the country leaves much to be desired going by the complaints voiced in several quarters although the cement producers are to conform to ISI specifications in terms of their licences. The Committee find that the Cement (Quality Control) Order, 1962 and the Cement Control (Regulation of Production) Order, 1981 have been issued under the Essential Commodities Act 1955 and that the powers to take action for violation of these orders have been delegated to State Governments|Union Territories. The Committee desire that the Cement Controller should have a regular system of sample check of quality of cement produced by each manufacturer.

4.38 At present the Industrial Licences issued to the Cement Factories do not indicate the kind of cement that the factory is licenced to manufacture, with the result that the factories are concentrating on manufacturing Pozzolana Portland Cement, the production cost of which is much less than that of the Ordinary Portland Cement or other superior varieties, because of larger proportion of cheaper ingredients used in the manufacturing process. With an insignificant price differential the Profit margin on the pozzolana cement is indeed huge. The position therefore is that the Ordinary Portland Cement is scarcely available to the general public. The Committee would like the Ministry of Industry to review the Industrial Licences issued to the cement factories and endorse on them the quantities of different kinds of cements each factory is authorised to manufacture. In making this endorsement, it should be ensured that a substantial quantity of cement to be manufactured should be the Ordinary Portland Cement.

4.39 The Committee further recommend that it should be made obligatory for the cement factories to either colour the cement differently for different varieties or to use bags of different colours for different varieties of cement, to enable the general public to distinguish one variety from the other easily.

4.40 The difference in production costs should also be fairly reflected in the retail prices of the Pozzolana Portland Cement and other varieties of cement. At present it is not so. The Committee would like the Ministry of Industry to have the production cost of different varieties of cement analysed by the Bureau of Industrial Costs and Prices/Cost Accounts Branch of the Ministry of Finance, and, keeping in view the production cost structure of different varieties of cement, take steps to regulate their market prices.

4.41 Complaints have been made to the Committee about cement bearing the ISI certification mark having been found to be of sub-standard

certification mark, so that the faith of the general public in the certification purpose of checking whether any article or process in relation to which the standard mark has been used conforms to the Indian standard or whether the standard mark has been improperly used. It, however, appears that the system is not working well. The Committee recommend that the ISI should strengthen its inspection machinery and be more energetic in dealing with infringements of the conditions for the use of the ISI certification mark, so that the faith of the general public in the certification mark of the ISI is not eroded.

4.42 The Committee also feel that the penalty provided in the Indian Standards Institution (Certification Mark) Act 1952 for the improper use of standard mark i.e. "fine which may extend to ten thousand rupees" is grossly inadequate. The Committee learn that there is a proposal to amend the Act inter alia enhancing the penalty to "one lakh rupees and/or rigorous imprisonment which may extend to one year", which is under consideration. The Committee emphasise the need for early conclusive action on the proposal. The Committee further desire that misuse of ISI mark should be made a cognisable offence.

4.43 At present ISI mark for cement is on a voluntary basis. The Committee recommend that this should be made obligatory as a condition of grant of licence.

4.44 It has been brought to the notice of the Committee that a large number of small factories particularly in Rajasthan and Madhya Pradesh, which have been set up with aid and assistance from the State Government and Institutional Finance are manufacturing some kind of a binding material and are selling it as a substitute for cement to gullible public with dangerous Consequences. At present anything that is not sold as 'cement' and is being manufactured in small scale industry is not under the control of the Ministry of Industry. The Committee feel that in view of the risk involved, the Ministry should be in a position to regulate such manufacturers also. The representatives of the Ministry of Industry assured the Committee in evidence that the Ministry will get the matter investigated. He also agreed with the suggestion that such binding material produced by the small factories should also be distinguished by some colour so that the general public does not mistake it for ordinary cement. The Committee would await a report from the Ministry of Industry in regard to this matter.

CHAPTER V

VIGILANCE ORGANISATION

A. CHIEF TECHNICAL EXAMINER

5.1 The Chief Technical Examiner's Organisation was created within the then Ministry of Works, Housing and Supply in 1957 to conduct an independent, effective and continuous technical audit of the works undertaken by the Central Public Works Department.

5.2 In 1962 a Committee headed by Shri K. Santhanam, M.P. was set up in order to review the problem of corruption and make suggestions. The Committee in its recommendation indicated that:—

“It would be much better to have one central organisation to conduct examination and inspections and give technical opinion on all cases involving engineering work, construction, filling, digging etc. irrespective of the Ministry or Department to which they relate... We consider it absolutely essential to have such a Technical wing and we suggest, to be independent, it should be placed under the Central Vigilance Commission.”

5.3 The Administrative control of the Chief Technical Examiner's Organisation was, therefore transferred to the Central Vigilance Commission from 1st November, 1964 although the Organisation continued to function as before. In 1979 it was decided that the functions of technical audit of the Central Public Works Department works should be taken over by CPWD itself and the Chief Technical Examiner's Organisation would thereafter confine itself to examination of works from vigilance angle only.

5.4 All organisations within the jurisdiction of the Central Vigilance Commission are required to furnish quarterly statement of civil works costing Rs. 15 lakhs and above undertaken by them directly or through other public sector organisations, consultants etc. From these quarterly statement of civil works, works are inspected on a random sample basis by the CTE Organisation. Examination of works includes inspection of work physically at site as well.

5.5 On the basis of inspection, a report is sent to the Chief Vigilance Officers of the organisations concerned and comments/replies are requested from them within 30 days. Thereafter, the paragraphs involving vigilance angle are requested to be investigated by the C.V.O. In the case of

CPWD, however, the procedure differs slightly on account of large number of executive officers involved. The report is not sent to the C.V.O. but it is split into two parts. On the first part which incorporates observations not involving possible vigilance angle is sent to the Chief Engineer concerned for necessary action. The second part consisting of paragraphs which have a possible vigilance angle is sent to the Executive Engineer for his replies. Thereafter the case is taken up with the Chief Engineer (Vigilance) in the CPWD for further detailed investigation, wherever needed.

5.6 A statement indicating the number of works awarded/examined during the last 5 years in the C.P.W.D. as per information available in the CTE Organisation is given below:—

Year	Award of works	Inspections
1976-77	2261	1459
1977-78	2292	410
1978-79	2472	215
1980	2385	212
1981	2597	156

CTE organisation is conducting vigilance inspections not only of the CPWD but of other Organisations in the Government and in public sector. Hence information regarding the number and cost of the work in which substandard material was found to have been used or otherwise found to have deviated from the prescribed norms and specifications and action taken in such cases will be available in the CPWD. In a Civil Engineering work it is considered that 'zero' defect work cannot be attained without incurring exorbitant cost. As such information on the action taken on CTE report wherever substandard materials have been pointed out to the CPWD would not be known to the CTE Organisation as *prima-facie* no vigilance angle is attracted and the information thereunder would be available with the various Chief Engineers of the C.P.W.D.

5.7 When the Ministry of Works & Housing were asked to furnish the information on the action taken on CTE's report wherever sub-standard material was found to have been used or which were otherwise found to have deviated from the prescribed norms and specifications, the Ministry stated in a written reply: "the technical examination of C.P.W.D. is done by the C.T.E's organisation, which is under the Central Vigilance Com-

mission. Accordingly, that Organisation was requested by the C.P.W.D. to furnish the relevant information/material." The Chief Technical Examiner has informed that "the CTE's Organisation attached with the Central Vigilance Commission does not inspect the works of the C.P.W.D. alone. When the organisation of C.T.E. was set up, it was attached with the Ministry of Works and Housing for technical examination and audit of work carried out by C.P.W.D. With the transfer of this organisation to the Commission, the CTE Organisation is inspecting the works from Vigilance angle and has jurisdiction coterminus with that of the C.V.C. this organisation is therefore, not concerned with the performa circulated concerning the working of C.P.W.D."

5.8 Chief Technical Examiner's Organisation being a part of the Central Vigilance Commission, activities of this Organisation have been reported to Parliament through the Annual Reports of the Central Vigilance Commission.

5.9 During evidence, the representative of an non-official organisation suggested to the Committee that "the Chief Technical Examiner's post should be merged with the existing Vigilance Department of CPWD". Reacting to a suggestion for the merger of Chief Engineer (Vigilance) with the Chief Technical Examiner, a retired Director-General of Works-CPWD stated during evidence before the Committee that "it will be workable; it will be a very good idea."

5.10 It has also been stated in a memorandum submitted to the Committee that "the general opinion is that the Chief Technical Examiner does not serve any useful purpose. Ranganathan Committee appointed by the Ministry of Works and Housing had recommended that control of the Chief Technical Examiner on CPWD should be withdrawn and a quality control unit should be constituted in the CPWD itself under the Director-General of Works. The Ministry of Works and Housing had accepted this recommendation but this has not been implemented."*

B. Vigilance set-up in C.P.W.D.

5.11 In CPWD, there is a Vigilance Unit headed by the Chief Engineer (Vigilance). Apart from Chief Engineer (Vigilance), the Vigilance Unit consists of one Superintending Engineer (Vigilance), 6 Executive Engineers (Vig.), and 6 Assistant Engineers (Vig.) along with ancillary Ministerial Staff.

5.12 In addition, one Superintending Engineer (Inq.) is also posted under Chief Engineer (Vig.) who conducts departmental inquiries in the cases of non-gazetted staff and also in the cases of Class II Gazetted Staff for Administrative lapses. Inquiries against gazetted officers are entrusted to Commissioners for Department Inquiries under CVO.

The Ministry of Works & Housing at the time of factual verification has stated as follows. A quality control unit has since been set up in the C.P.W.D."

5.13 As a preventive measure officers of the Vigilance Unit conduct inspection of 16 to 20 Division in a year. Whenever a complaint is received Surprise check is also conducted by the staff of the Vigilance Unit.

5.14 The Ministry of Works & Housing have furnished the following information regarding the number of surprise checks conducted in the last 5 years by the Senior Officers indicating discrepancies found and follow-up action taken by the Department.

"The surprise checks are being carried out by the Vigilance Unit mainly of the stores in godowns and at the work sites. The checking is especially carried out of costly materials, fittings, etc. Utmost secrecy is maintained. The checking is done by Senior Officers of the level of E.E. and above who are well aware of the procedure.

The number of surprise checks conducted in the past 5 years are given below:—

S. No.	Year	Nos.	Remarks
1.	1977-78	14	No irregularity found in these 14 cases: figures not complete as full records not available.
2.	1978-79	116	No irregularity found
3.	1979-80	55	No irregularity found
4.	1980-81	57	One case of irregularity
5.	1981-82	60	One case of irregularity.

5.15 For the year 1980-81 during a check of Minto Road Enquiry Office, it was found that cement was not accounted properly. A warning was issued to the JE and AE concerned and the case was closed.

5.16 For the year 1981-82, 130 litres of surplus paint was found with reference to bin card balances during a check of stores of Sub-Division at Coimbatore. This is being processed with the E.E. concerned and action is likely to be finalised shortly.

5.17 Surprise check on the quality of construction is carried out only in the case of complaints. As a result of complaints investigated during the last 3 years, a number of officers were determined as delinquent and conclusive departmental action taken against such officers. Some prosecutions cases were also lodged. 23 officers have been suspended, 48 chargesheets issued under major penalty and 47 chargesheets were issued under minor penalty. Major penalty was awarded in 3 cases and minor

penalty in 4 cases. In 67 cases, officers have either been warned or lapses brought to their notice. In 5 cases sanction for prosecution was also given."

5.18 The Committee find that the Chief Technical Examiner's Organisation was initially a part of the CPWD. In 1964, on the recommendations of the Santhanam Committee that "it would be much better to have one Central Organisation to conduct examinations and inspections and give technical opinion in all cases involving engineering work" and "to be independent, it should be placed under CVC", this Organisation was transferred to the Central Vigilance Commission. In 1979 it was decided that the technical audit of the CPWD works should be taken over by the Department and the Chief Technical Examiner's Organisation should confine itself to examination of works from vigilance angle only. The Committee desire that a quality control unit should be set up in the CPWD early.

5.19 The CPWD has set up an elaborate Vigilance Organisation of its own headed by a Chief Engineer which also conducts technical examination and inspection of engineering works in CPWD. However, the Committee have serious reservations about the efficacy of this set up inasmuch as surprisingly surprise inspections of the unit have not brought to light any serious irregularity during the period 1977—82. The unit should, therefore, be qualitatively strengthened to be an effective tool of internal control.

New Delhi;

April 21, 1983

Vaisakha 1, 1905 (Saka)

BANSI LAL,

Chairman,

Estimates Committee.

APPENDIX

Statement of Recommendations/Observations

Sl. No.	Para No.	Recommendation/Observation
1	1-20	<p>The Central Public Works Department is under the administrative control of the Ministry of Works & Housing. The Department is headed by the Director General of Works and operates in various Zones, each headed by a Chief Engineer, covering the entire country. The Committee have been informed that the Director General virtually exercised the powers of the Ministry. In regard to acceptance of tenders and award of works he is assisted by the Central Works Advisory Board, which has full powers. Although the powers have been delegated to the Chief Engineers and other officers below them, the Director General who is above the level of Chief Engineers and is the Chairman of the Central Works Advisory Board could exercise on his own only powers as delegated to the Chief Engineers in the matter of award of works. The Committee suggest that as agreed to by the Ministry in evidence, the desirability of suitably enhancing the financial powers of the Director General should be examined with a view to expedite decision making. The Committee would await the outcome.</p>
2	1-21	<p>The Committee note that the Central Works Advisory Board is required to communicate its decision in ten days time from the date it receives</p>

the tender papers. The Committee would like the Ministry to ensure that the Advisory Board observes the prescribed time limit in actual practice so that there is no cause for complaint of delay in the award of work. The performance of the Board in this regard should be monitored for review by the Secretary, Ministry of Works and Housing periodically.

1.24

The Committee are surprised to find that there is no system of periodic review of delegation of Powers to bring it in tune with the changing conditions. In several respects powers delegated in the fifties and sixties have remained unchanged. As promised by the Secretary, Ministry of Housing, there should be a periodic review, say once in 5 years, in future having regard to escalation of prices and other relevant factors. The Committee would suggest that the last exercise of this kind should start forthwith and the powers redelegated realistically and meaningfully under intimation to the Comitée.

1.31

The Committee feel, that the consultancy services wing of the CPWD set up recently in 1977 has a vast potential to develop. The CPWD has the expertise in building and road construction and it could handle planning, designing and construction of townships and office/factory buildings for Public Undertakings and other autonomous bodies controlled and/or financed by Government. It could even be made obligatory for them to entrust the work to the CPWD. The Committee therefore desire that this question should be examined by the Ministry of Finance and

BPE in consultation with the Ministry of Works & Housing. In the meantime the Consultancy Service Wing of the CPWD should be gradually strengthened and expanded. The competence and capacity of the Consultancy Wing of the CPWD to undertake works for public undertakings and other autonomous bodies should be suitably publicised widely. The wing should atleast be able to break even, which should be ensured by keeping proforms commercial accounts of its transactions in consultation with the Comptroller and Auditor General of India.

1-39

The Committee are distressed to note that despite the recommendations of the Third Pay Commission (1973) that there should be a Cadre Review of all the Departments every three years, the CPWD has not completed even a single Cadre Review so far. There is stagnation even of Engineers at all levels and a large number of them are awaiting Promotion having fulfilled the eligibility criteria. This position is not conducive to the efficient functioning of the Department. It is unfortunate that the Cadre Review has not been approached with a sense of urgency that it deserved. The Committee have however been assured that in the case of Es. a high level committee headed by DG (W) has been set up and it is expected to report "in a couple of months" and that in the case of Class I posts "the process has reached final stages and it is expected that in the next three months some view will be taken." The Committee desire that the Cadre Review in respect of all the categories of technical staff in CPWD should be completed and necessary follow up action taken within six months. The Committee trust that the cadre review would help relieving the stagnation in the Department. The Committee suggest that a person should get at least three promotions in his career. They would await the outcome.

The Engineers of the CPWD have not been confirmed in higher posts for a long time which in some cases has been more than 20 years. The Ministry has, however, explained that the main reason for non-confirmation was the disputes regarding seniority *inter se* of engineers of various categories which have remained under adjudication by Courts for substantial period of time. The Committee hope that the Ministry would take immediate steps for confirming eligible officers of those categories in respect of which Course have given final decisions. In regard to categories in respect of which cases are still pending in Courts, the Committee would like the Ministry to iron out the differences and settle the matter out of Courts in the interest of expeditious confirmation of officers. The Committee also desire that the recruitment and condition of service rule whenever pending should be notified and the seniority lists finalised without delay.

7. I.59

The training facilities available in the C.P.W.D. do not seem to be adequate. At present, though the need for induction training to the newly recruited Junior Engineers is recognised, no such training is imparted. A foundational training course introduced recently covers about 300 Junior Engineers against 600 recruited every year. Thus, there is a huge backlog to be covered. Further the Deputy Architects who are directly recruited through the U.P.S.C. do not receive any induction training. The Committee desire that the training facilities and prog-

rammes should be critically reviewed and in the light of the need suitably augmented and reoriented. The backlog of training of Engineering Architectural personnel should be covered by suitable crash programmes. In this connection, the Committee would also recommend that a well-equipped training Institution for the C.P.W.D. should be set up at a suitable place as early as possible and adequate funds for this purpose should be allocated atleast in the Seventh Five Year Plan.

2.8

The system of fixing targets and the physical performance of the C.P.W.D. leave much to be desired. The Committee note that no physical targets were laid down for the years 1974-75 and 1975-76 for residential accommodation and for the years 1974-75 to 1978-79 for office accommodation. The Committee would like to stress that in future the physical targets should be laid down for each activity of the Department and the achievements as well as the reasons for the shortfall should be clearly brought out in the Annual Reports of the Ministry.

2.9

The physical achievements both in respect of houses and office accommodation have almost consistently fallen considerable below targets during the period 1976-82 and respectively the targets and achievements being 27,979 Nos., and 16,187 Nos. for houses and 1,30,000 Sq. M. and 1,01,765 Sq. M. for office accommodation. The Committee desire that the Ministry of Works and Housing should examine the inadequacies of the C.P.W.D. in regard to achieving the targets and take suitable measures so that in future such significant short-falls may not occur.

The Committee note that for the 6th Plan period (1980-85) the total financial outlay for the General Pool Works (residential accommodation)

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is Rs. 112.70 crores while the physical target was to construct 26615 quarters during the Plan period. As against these financial and physical targets, the actual achievement during the first two years of the Plan period is an expenditure of Rs. 46.18 crores and 8846 houses actually constructed. The reasons for slow progress in construction is stated to have been due to non-availability of essential building materials like cement and bricks and steep escalation of prices compelling the contractor to abandon work. The Committee have, however, been assured by the representative of the Ministry that the CPWD expects to complete the plan targets, though the overall cost of construction would be about 15 per cent more. The Committee would like the Ministry of Works and Housing to make concerted efforts to remove the impediments coming in the way of orderly progress of work and see that the targets of construction laid down for the 6th Five Year Plan period are achieved with minimum cost over-runs.

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The Committee were informed by the Secretary Works and Housing in evidence that an upward revision of work-load norms for Civil and Electrical Divisions of the CPWD fixed in 1978 is actively under consideration and in the near future a decision will be taken. The Committee also learnt that the Central PWD have represented to the Ministry of Works and Housing that the work-load norms should not be increased without a proper work study by an expert body like Indian Institute of Public Administration or National Productivity Council instead of the

Staff Inspection Unit of the Ministry of Finance. The Committee desire that the question of work-load norms for the Divisions of the CPWD should be got examined early for suitable upward revision. The Committee further recommend that in future an exercise of this kind should be undertaken at five-yearly intervals as in the case of delegation of financial powers.

3.9

The Committee find from the details of projects costing more than Rs. 2 crores furnished to the Committee by the Ministry of Works and Housing that in the case of almost all such projects there were time over-runs ranging from 1 year to 7½ years involving also cost overruns to the extent of, in certain cases, nearly 300 per cent of the original estimates. The main reason adduced for the delay in the execution of works is the rise in the cost of material and labour at a phenomenal rate. The Committee hope that with the steps taken by the Ministry of Works and Housing such as introduction of level jumping in the matter of processing of tenders, proposal for revision of price escalation clause in the contract and empowering the CPWD officers to accept tenders without waiting for revised sanction from the Client Department, would facilitate speedy progress of works and their completion according to time targets. They would however emphasise the need for constant monitoring of atleast major works and taking prompt remedial action to ensure timely completion of works without unjustified escalation of cost. This review should be at the level of Secretary, Ministry of Works and Housing.

12. 3.18

The Committee note with concern that admittedly in some cases just project ideas are included in the Budget Estimates of the CPWD and the administrative approval, expenditure sanction and technical sanction get delayed with the result the funds are surrendered at end of the year. The Ministry, however, is not in a position to state the percentage of such cases where the projects were included in the Budget pre-maturely; nor is the Ministry able to indicate the average time taken to complete all the formalities in such cases. Further the Ministry is of the view that it will not be practical to fix the time limit to ensure prompt completion of the formalities so that the works could start without avoidable delay. The Committee are unable to agree with the Ministry. They would require the Ministry to undertake a case study of atleast a few cases and then evolve a time table for the various processes in consultation with the Ministry of Finance and other administrative Ministries.

14. 3.19

The Committee recommend that a work should be included in the budget estimates of the Central PWD only after the administrative approval and expenditure sanction. This would enable better project planning and execution of work in accordance therewith.

15. 3.20

The Committee are unable to appreciate the reasons indicated for rush of expenditure on works during the last few months of the financial year. They would like the Ministry of Works and Housing and the CPWD to

give a serious thought to this problem and devise ways and means for an even spread of the expenditure throughout the financial year. This would make for better expenditure control.

As there has been a steep escalation in the cost of building materials and labour, there is an urgent need for revision of the norms of expenditure for repairs and maintenance of Central Government buildings laid down in 1978. The Committee agree that the expenditure should be related to the P1inth area rather than to the cost of construction. The Committee hope that the Ministry will take expeditious decisions on the recommendations of the Committee appointed to go into this question as well as staff norms. The Committee further desire that there should be a review of the norms as frequently as warranted.

Now that the process of revision of Schedule of Rates has been computerised, the Committee hope that, as assured to them by the Director-General (Works) the Schedule of Rates would be reviewed and uu-dated on annual basis.

Apart from the contractors approved and enlisted by the CPWD, the contractors who are registered with the P&T, State PWDs, Railways, MES etc. are also eligible to take up works in the CPWD. The CPWD or the Ministry is however not maintaining an up-to-date list of contractors registered with organisations other than CPWD and works are awarded to

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such contractors on the basis of registration papers shown at the time of submitting tenders and it is left to the officer issuing the tenders to ensure that their registration is current. This does not appear to be a foolproof system of ensuring that only approved and enlisted contractors are awarded work in the CPWD. The Committee would like the Ministry of Works and Housing and the CPWD to review the existing procedures so as to leave no scope for any malpractice.

19. 3.40

The complaint of non-availability of complete tender documents to the contractors in 90 per cent cases is a serious matter. Though the representative of the Ministry denied this, the Committee would like the Ministry and the CPWD to issue strict instructions to their subordinate agencies that the tender documents sold to the contractors should be complete in all respects and any complaint received in this regard from the contractor should be investigated promptly by senior officers and action taken against those responsible for the lapse.

20. 3.49

The Committee recommend that CPWD should so arrange its organization and procedures as to ensure that the designs and drawings in respect of works to be taken up are completed before tenders are called for award of work and the drawings are made available to the contractors along with tender documents and on-course changes in designs and drawing should be discouraged in order to avoid delay in execution of works and disputes with Contractors.

21. 3.54 As noted earlier in this Report one of the main reasons for the slow progress of contractor works is the escalation of prices compelling the contractors to abandon the works. The Committee understand that the proposal for modifying Clause 10(c) of the Standard Contract Form to provide for compensating the contractors for increase in rates of materials and labour during the currency of the contract, is awaiting approval of the Ministry of Finance. The Committee urge an early decision in the matter in the interest of smooth execution of works.

22. 3.59 The Committee are distressed at the complaint that the final bills of contractors remain pending for long for one reason or the other. The provisions of Clause 7 of the Standard Contract Form, which have been quoted by the Ministry in this connection, do not go very far in ensuring finalisation of the contractors' bills within a reasonable period especially if there is a dispute about any item or work. The Committee recommend that this Clause of the Standard Contract Form should be suitably amended so as to enjoin upon the officers of the CPWD an obligation to take final decision in regard to the items in dispute between the contractor and the CPWD within a specified period and for final payment to the contractors within a certain time limit. The would instil in the mind of the officers a degree of seriousness in taking prompt decision on matters in dispute and finalising the bills of contractors without undue delay. A review of final bills pending for more than six months by the CEs/DG Works as well as by the Ministry will go a long way in expediting the

payment. An analysis of pending final bills should also be invariably included in the Annual Reports.

23. 3.63

The Committee find merit in the argument advanced before them that a contractor whose dispute was being referred for arbitration should also a contractor whose dispute was being referred for arbitration should also Ministry that the system is "found to be functioning very satisfactorily", the Committee desire that the question should be examined in consultation with the Ministry of Law. The desirability of associating judicial officers with arbitration of major disputes may also be examined in this connection.

24. 4.8

The Committee have been informed that while the position of availability of steel for works undertaken by the CPWD is for the time being satisfactory, the inadequacy of allotment of levy cement to the CPWD may compel the CPWD to make supplementary purchases of imported or non-levy cement both of which are very costly. The quarterly allotment of cement has been progressively reduced from 90,000 tonnes in 1979 to 68,000 tonnes in 1982 despite increase in the work load of the CPWD. The Committee would like that the matter be taken up with the Cement Controller and the Ministry of Industry at the level of the Ministry of Works and Housing.

25. 4.36

The Director General (Works) share the misgivings of the Committees about the reliability of Pozzolana Portland Cement and informed the Committee that the attempts to get ordinary Portland Cement for the CPWD Works did not succeed. The Committee would like the Ministry

of Works and Housing to appoint a Committee of Engineers and Technologists, including a representative of the Indian Standard Institution, to go into the matter and report their findings regarding the relative strength of various kinds of cement, giving their recommendations regarding their use for different type of construction works and processes. The findings and recommendations of the Committee should be given wide publicity.

26. 4.37

The quality control of cement production in the country leaves much to be desired going by the complaints voiced in several quarters although the cement producers are to conform to ISI specifications in terms of their licences. The Committee find that the Cement (Quality Control) Order, 1962 and the Cement Control (Regulation of Production) Order, 1981 have been issued under the Essential Commodities Act 1955 and that the powers to take action for violation of these orders have been delegated to State Government|Union Territories. The Committee desire that the Cement Controller should have a regular system of sample check of quality of cement produced by each manufacturer.

27. 4.38

At present the Industrial Licences issued to the Cement Factories do not indicate the kind of cement that the factory is licenced to manufacture, with the result that the factories are concentrating on manufacturing Pozzolana Portland Cement the production cost of which is much less than that of the Ordinary Portland Cement or other superior varieties, because of larger proportion of cheaper ingredients used in the manufacturing process.

With an insignificant price differential the Profit margin on the Pozzolana cement is indeed huge. The position therefore is that the Ordinary Portland Cement is scarcely available to the general public. The Committee would like the Ministry of Industry to review the Industrial Licences issued to the cement factories and endorse on them the quantities of different kinds of cement each factory is authorised to manufacture. In making this endorsement, it should be ensured that a substantial quantity of cement to be manufactured should be the Ordinary Portland Cement.

28. 4.39

The Committee further recommend that it should be made obligatory for the cement factories to either colour the cement differently for different varieties or to use bags of different colours for different varieties of cement, to enable the general public to distinguish one variety from the other easily.

29. 4.40

The different in production costs should also be fairly reflected in the retail prices of the Pozzolana Portland Cement and other varieties of cement. At present it is not so. The Committee would like the Ministry of Industry to have the production cost of different varieties of cement analysed by the Bureau of Industrial Costs and Prices cost Accounts Branch of the Ministry of Finance, and keeping in view the production cost structure of different varieties of cement, take steps to regulate their market prices.

30. 4.41

Complaints have been made to the Committee about cement bearing the ISI certification mark having been found to be of sub-standard quality. The Indian Standards Institution has an Inspectorate for the purpose of

checking whether any article or prices in relation to which the standard mark has been used conforms to the Indian standard or whether the standard mark has been improperly used. It however, appears that the system is not working well. The Committee recommend that the ISI should strengthen its inspection machinery and be more energetic in dealing with infringements of the conditions for the use of the ISI/certification mark, so that the faith of the general public in the certification mark of the ISI is not eroded.

31. 4.42

The Committee also feel that the penalty provided in the Indian Standards Institution (Certification Mark) Act 1952 for the improper use of standard mark i.e. "fine which may extend to ten thousand rupees" is grossly inadequate. The Committee learn that there is a proposal to amend the Act *inter alia* enhancing the penalty to "one lakh rupees and/or rigorous imprisonment which may extend to one year", which is under consideration. The Committee emphasise the need for early conclusive action on the proposal. The Committee further desire that misuse of ISI mark should be made a cognisable offence.

32. 4.43

At present ISI mark for cement is on a voluntary basis. The Committee recommend that this should be made obligatory as a condition of grant of licence.

It has been brought to the notice of the Committee that a large number of small factories particularly in Rajasthan and Madhya Pradesh, which have been set up with aid and assistance from the State Government and Institutional Finance are manufacturing some kind of a binding material and are selling it as a substitute for cement to gullible public with dangerous consequences. At present anything that is not sold as 'cement' and is being manufactured in small scale industry is not under the control of the Ministry of Industry. The Committee feel that in view of the risk involved, the Ministry should be in a position to regulate such manufacturers also. The representatives of the Ministry of Industry assured the Committee in evidence that the Ministry will get the matter investigated. He also agreed with the suggestion that such binding material produced by the small factories should also be distinguished by some colour so that the general public does not mistake it for ordinary cement. The Committee would await a report from the Ministry of Industry in regard to this matter.

The Committee find that the Chief Technical Examiner's Organisation was initially a part of the CPWD. In 1964, on the recommendations of the Santhanam Committee that ("it would be much better to have one Central Organisation to conduct examination and inspections and give technical opinion in all cases involving engineering work" and to be independent, it should be placed under CVC", this Organisation was transferred to the Central Vigilance Commission. In 1979 it was decided that the technical audit of the CPWD work should be taken over by the

Department and the Chief Technical Examiner's Organisation should confine itself to examination of works from vigilance angle only. The Committee desire that a quality control unit should be set up in the CPWD early.

35. 5.19

The CPWD has set up an elaborate Vigilance Organisation of its own headed by a Chief Engineer which also conducts technical examination and inspection of engineering works in CPWD. However, the Committee have serious reservations about the efficacy of this set up inasmuch as surprisingly surprise inspections of the unit have not brought to light any serious irregularity during the period 1977-82. The unit should therefore, be qualitatively strengthened to be an effective tool of internal control.