

# **PUBLIC ACCOUNTS COMMITTEE 1963-64**

## **FIFTEENTH REPORT (THIRD LOK SABHA)**

(Audit Report on the Accounts of the Damodar Valley  
Corporation for the year 1961-62)

### **PART I—REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**September, 1963  
Bhadra, 1885 (Saka)**

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# CONTENTS

	PAGES
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1963-64) . . .	(iii)

## PART I

INTRODUCTION . . . . .	(v)
Chapter I—General Financial Review of the Expenditure of the Project during the year, 1961-62 . . . . .	1
Chapter II—Power, Irrigation and Navigation . . . . .	8
Chapter III—Stores, Surplus Items and Disposals . . . . .	16
Chapter IV—Works Expenditure, Contracts etc. . . . .	22
Chapter V—Miscellaneous . . . . .	34
Chapter VI—Outstanding Recommendations . . . . .	41
Chapter VII—General . . . . .	45

## APPENDICES

I. Memorandum furnished by the Comptroller and Auditor General of India on para 19 of the Fifth Report of the P.A.C. (Third Lok Sabha) <i>re</i> : Acquisition of lands for D. V. C. Projects . . . . .	47
II. Summary of principal conclusions/recommendations . . . . .	55

## PART II\*

Proceedings of the sittings of the Public Accounts Committee held on :

22nd July, 1963  
23rd July, 1963  
24th July, 1963  
10th September, 1963

## PART III\*

Statement/notes showing action taken on the outstanding recommendations of the Public Accounts Committee contained in their Fifth Report (Third Lok Sabha)—Part I and III.

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# PUBLIC ACCOUNTS COMMITTEE

(1963-64)

## CHAIRMAN

Shri Mahavir Tyagi

## MEMBERS

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20. Shri S. D. Patil
21. Shri Sadiq Ali
- \*22. Pandit S. S. N. Tankha

## SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

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\*Declared elected on the 29th August, 1963 vice Shri Nawab Singh Chauhan resigned from Rajya Sabha.

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifteenth Report on the Audit Report on the Accounts of the Damodar Valley Corporation for the year, 1961-62.

2. The Annual Report of the Damodar Valley Corporation and Audit Report (1961-62) was laid on the Table of the House on the 14th March, 1963. The Committee considered the Audit Report at their sittings held on the 22nd to 24th July, 1963. A brief record of the proceedings of each sitting of the Committee had been maintained and forms part of the Report (Part II)\*.

3. The Committee considered and finalised this Report at their sitting held on 10th September, 1963.

4. A statement showing the summary of the principal conclusions/recommendations of the Committee is appended to the Report (Appendix II). For facility of reference these have been printed in thick type in the body of the Report.

5. The Committee also considered the replies of the Ministries to their earlier recommendations which are included in Part III\* of this Report. The Comments of the Committee on a few selected items are contained in Chapter VI of the Report.

6. The Committee place on record their appreciation of the assistance rendered to them in their examination of these accounts by the Comptroller and Auditor General of India.

They would also like to express their thanks to the Officers of the Ministries of Irrigation and Power, and Steel and Heavy Industries, and the Damodar Valley Corporation for the cooperation extended by them in giving information to the Committee during the course of evidence.

NEW DELHI;  
*The 12th September, 1963.*  
Bhadra 21, 1885 (Saka).

MAHAVIR TYAGI,  
*Chairman,*  
*Public Accounts Committee.*

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\*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

## GENERAL FINANCIAL REVIEW OF THE EXPENDITURE OF THE PROJECT DURING THE YEAR 1961-62

### General .

The primary objects of the Damodar Valley Scheme are (1) Flood Control, (2) Irrigation, and (3) Power Generation and Distribution.

For Flood Control four dams at Tilaiya, Konar, Maithon and Panchet Hill (with Hydro-electric Power Stations attached to Tilaiya, Maithon and Panchet Hill with an installed capacity of 4 MW, 60 MW and 40 MW respectively), were constructed in the first phase. These four dams give effective flood-control upto a peak flood of 6,50,000 cusecs and the total area protected against flood is about 2,800 sq. miles.

For irrigation, the first stage provided a Barrage at Durgapur with a net-work of canals and distributaries running to a length of some 1,550 miles, out of which 85 miles are for navigation.

For generation of power, besides the hydro-electric power stations stated above, two thermal power stations having a capacity of 225 MW and 150 MW respectively were constructed at Bokaro and Durgapur. The total installed capacity including that of Hydel Power Stations thus came to 479 MW. Construction of yet another Thermal Power Station of 250 MW at Chandrapura was taken up during the Second Five Year Plan and its progress during the year under report is reported to be satisfactory. Satisfactory progress is also reported to have been made in the construction of a Third unit of 125 MW at Durgapur Thermal Power Station and an additional unit of the same capacity at Chandrapura Thermal Power Station which were included in the Third Plan.

Apart from the above, some miscellaneous development works relating to control of soil erosion, afforestation, promotion of public health and agricultural, industrial; economic and general well-being in the Damodar Valley and its area of operation were also taken up in the first phase. All these schemes were later integrated in the Five Year Plans.



**Financial Review of Expenditure upto 1961-62—pp. 73—76, paras 1-2 of Audit Report.**

2. An analysis is given below of the expenditure during and upto the end of 1961-62, according to the different objects, namely, "Power", "Irrigation", "Flood Control" and "Subsidiary Objects".

(Figures in crores of rupees)

	During 1961-62	Progressive to the end of 1961-62
<b>I. POWER</b>		
(a) Capital Expenditure—		
(i) direct expenditure	6.71	79.84
(ii) Overheads, interest etc.	2.07	20.47
TOTAL I(a)	8.78	100.31
(b) Operation & Maintenance—		
(i) direct expenditure	4.95	17.03
(ii) overheads, interest etc.	1.34	4.37
(iii) receipts (—)	(—)10.61	(—)38.07
TOTAL I(b)	(—)4.32	(—)16.67
(c) Total for POWER (net) (Ia plus Ib)	4.46	83.64
<b>II.—IRRIGATION</b>		
(a) Capital Expenditure—		
(i) direct expenditure	0.35	30.38
(ii) overheads, interests etc.	1.37	11.45
TOTAL II(a)	1.72	41.83
(b) Operation & Maintenance—		
(i) direct expenditure	0.33	1.09
(ii) overheads, interests etc.	0.15	0.40
(iii) receipts (—)	(—)0.14	(—)0.29
TOTAL II(b)	0.34	1.20
(c) Total for IRRIGATION (net) (IIa plus IIb)	2.06	43.03
<b>III.—FLOOD CONTROL</b>		
(a) Capital Expenditure—		
(i) direct expenditure	(—)0.03	13.60
(ii) overheads, interest etc.	0.59	5.48
TOTAL III(a)	0.56	19.08

(Figures in crores of rupees)

	During 1961-62	Progressive to the end of 1961-62
(b) Operation & Maintenance—		
(i) direct expenditure . . . . .	0.07	0.25
(ii) overheads, interest etc. . . . .	0.03	0.09
(iii) receipts (—) . . . . .	..	..
<b>TOTAL III(b)</b> . . . . .	<b>0.10</b>	<b>0.34</b>
(c) Total for FLOOD CONTROL (net) (IIIa plus IIIb) . . . . .	<b>0.66</b>	<b>19.42</b>
<b>IV. SUBSIDIARY OBJECTS</b>		
(a) Capital Expenditure—		
(i) direct expenditure . . . . .	0.60	6.66
(ii) overheads, interests etc. . . . .	0.41	2.02
<b>TOTAL IV (a)</b> . . . . .	<b>1.01</b>	<b>8.68</b>
(b) Operation & Maintenance—		
(i) direct expenditure . . . . .	0.02	0.02
(ii) overheads, interests etc. . . . .	0.01	0.01
(iii) receipts(—) . . . . .	..	..
<b>TOTAL IV (b)</b> . . . . .	<b>0.03</b>	<b>0.03</b>
(c) Total for SUBSIDIARY OBJECTS (net) (IVa plus IVb) . . . . .	<b>1.04</b>	<b>8.71</b>
<b>Grand Total of I to IV:</b>		
Capital Expenditure . . . . .	12.07	169.90
Operation & Maintenance Expenditure . . . . .	(—)3.85	(—)15.10
<b>Net total expenditure debited to Capital</b> . . . . .	<b>8.22</b>	<b>144.80</b>

2. The amounts provided by the Participating Governments to meet the above outlay (cf. para 1 above) are indicated below :—

(Figures in crores of rupees)

	During 1961-62	Progressive to the end 1961-62	Amount allocated to Participating Govts. to end of 1961-62
Government of India . . . . .	1.83	38.50	37.79
Government of West Bengal . . . . .	5.53	87.15	85.89
Government of Bihar . . . . .	2.64	31.99	31.12
<b>TOTAL</b> . . . . .	<b>10.00</b>	<b>157.64</b>	<b>154.80</b>

*Allocation of expenditure under Sections 32—34 of the D.V.C. Act—paras 1-2 of the Audit Report and para 1 of the Fifth Report of the P.A.C.—Third Lok Sabha.*

3. The allocation of expenditure as between the different objects (para 1 above) and as between the participating Governments (para 2 above) were provisional pending the settlement of disputes arising out of sections 32 and 33 of the D.V.C. Act, which had been referred to arbitration.

During evidence, the Committee were informed that the award of the arbitrator in the case regarding allocation of 'common expenditure' under Section 32 of the Act was pronounced on the 20th May, 1963 (according to Section 32, expenditure on subsidiary objects is to be treated as 'common expenditure' payable out of the funds of the Corporation before allocation of expenditure under Section 33 to main objects.) The Committee were informed that according to the Award in this case, 'common expenditure' meant expenditure common to the main objects and came under the scheme of allocation under section 33 for being apportioned in accordance with Sections 34, 35 and 36 of the Act. (This decision was at variance with the opinion of the Attorney-General on the basis of which common expenditure under Section 32 was being apportioned equally among the participating Governments.)

As regards the dispute regarding allocation of the cost of dams to the main objects under Section 33, the Committee were informed that the arbitration proceedings were nearing an end. [According to Section 33(2) of the D.V.C. Act, expenditure which cannot be solely attributed to any of the three main objects, namely, Irrigation, Power and Flood Control and is common to two or more of them, has to be allocated to each object in proportion to the expenditure which, according to the Corporation's estimates, would have been incurred in constructing a separate structure solely for that object.]

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

*Non-recovery of irrigation dues from the West Bengal Government—Foot-note to the Balance Sheet of the DVC as on 31-3-1962, p. 45 of Annual Report 1961-62 and para 2 of the Fifth Report of the PAC (3rd Lok Sabha).*

4. A sum of Rs. 1·68 crores had been outstanding against the Government of West Bengal for water rates for the period 1954—1960, of which post-1958 claims amounting to Rs. 1·42 crores had been disputed by the State Government on legal grounds. Pre-1958 claims amounting to Rs. 26 lakhs had also been questioned on other grounds.

The last Public Accounts Committee were given to understand that the differences between the Corporation and the State Government regarding pre-1958 claims had been narrowed down, in as-much-as the Corporation had agreed to accept the payments on the basis of the records of the State Government about the area irrigated. As regards the post-1958 claims, the Committee had desired that the Corporation should examine the feasibility of provisionally accepting an amount of Rs. 85 lakhs from the State Government, as calculated by them in accordance with the provisions of the State Act. (In terms of the State Act passed in 1958, out of the total amount realised by the State Government from the cultivators on account of water rates, deductions are to be made on account of collection charges etc. and the balance shared between the D.V.C. and the West Bengal Government on a basis to be agreed upon. This according to the Corporation is at variance with Section 14\* of the D.V.C. Act)

During evidence, the present Committee were informed that on the basis of the acreage figures furnished by the West Bengal Government the Corporation had reduced its pre-1958 claim from Rs. 25·86 lakhs to Rs. 20·54 lakhs but the State Government were prepared to pay only Rs. 6·53 lakhs. The State Government had so far paid an aggregate sum of Rs. 25,150 against two items of pre-1958 claims. Against the post-1958 bills amounting to Rs. 1·44 crores (which includes an amount of Rs. 2·51 lakhs on account of supply

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\*Section 14 of the D.V.C. Act, 1948 reads as under:—

"14. Rates for supply of water for irrigation: (1) The Corporation may, after consultation with the Provincial Government concerned, determine and levy rates for the bulk supply of water to that Government for irrigation, and fix the minimum quantity of water which shall be made available for such purpose.

(2) The rates at which such water shall be supplied by the Provincial Government to the cultivators and other consumers shall be fixed by that Government after consultation with the Corporation."

of water for rabi during 1960-61 which was not reported previously), the State Government had agreed to make a provisional payment of Rs. 60 lakhs subject to final adjustment in accordance with provisions of the West Bengal Irrigation (Imposition of Water Rate for D.V.C. Water) Act, 1958. Out of this amount a sum of Rs. 40 lakhs had already been paid during 1962-63 and the balance of Rs. 20 lakhs was to be paid in 1963-64. The Corporation had agreed to accept the payment without prejudice to their legal stand about the validity of Section 12 of the State Act or to their claims in accordance with Section 14(1) of the D.V.C. Act. The decision of the West Bengal Government to pay Rs. 60 lakhs on a provisional basis instead of Rs. 85 lakhs as stated previously was said to be due to non-accountal in their previous calculation of collection charges in respect of the new areas irrigated during the period.

The Committee were informed that the question of the transfer of the operation of running canals, the barrage and retail distribution of water had been under discussion with the West Bengal Government since 1956 at various levels. At one time a decision was taken at a conference held with the State Government at a ministerial level that they would take over this responsibility. But, in view of certain practical difficulties it was decided at the last meeting with the State Government to refer the whole problem to the Chairman, Central Water & Power Commission, who was to visit the area in August 1963. On receipt of his report, the matter would be discussed with the State Government for a final decision.

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

The Committee also urge that the question of transfer of the DVC. Canal system and retail distribution of water to the West Bengal Government which has been under consideration for the last several years should be decided early.

*Non-allocation of proportionate cost of Konar Dam—Page 77, para 3—I-Power—item (4) of the Audit Report.*

5. The proportionate cost of Konar Dam allocated to Power amounting to Rs. 3.49 crores has not been taken into account by the Corporation as Capital employed on Power generation for the purposes of the Proforma account (although it has been taken into account for the purpose of fixation of tariff) on the ground that a Hydel Station has not been installed at that Dam.

It was explained to the Committee that, since the Konar Power station had not materialised, it was not considered appropriate to take the capital cost allocated to power (Rs. 3.49 crores) into account in preparing the proforma accounts as it was not yielding any return. But the cost had been taken into account for the purpose of fixation of tariff, as the Konar power scheme was to be taken up in the Fourth Plan and non-inclusion of the cost would result in undercharging at present and stepping up tariff at that stage, which might be difficult.

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

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## II

### POWER, IRRIGATION AND NAVIGATION POWER

*Generation of thermal power—Page 73, para 1—I-Power of Audit Report and page 13—para 1 of the Annual Report.*

6. The expenditure on Power constituted 72 per cent of total Capital expenditure incurred during 1961-62 and 59 per cent of the total Capital expenditure upto the end of 1961-62. During the year 1961-62, out of the capital expenditure of Rs. 8.78 crores incurred on Power, a major part i.e., Rs. 6.98 crores related to Thermal Power.

According to the Annual Report, 1961-62, the original concept of setting up Thermal Power Station under the D.V.C. was to supplement the hydro-electric power during the dry period. But this concept had to be changed with the increasing demand for power all over the Valley area owing to rapid industrialisation, both in public and private sectors, during the Plan periods. The Corporation, therefore, undertook a phased programme for installation of additional thermal generating units to meet the growing demands on the D.V.C. Power system as the hydro-electric generating capacity remained static.

The Committee desired an elucidation of the policy of Government with regard to the respective roles of the D.V.C. and the State Governments (or their Electricity Boards) in respect of generation of additional Thermal Power in the area. The representatives of the Ministry of Irrigation and Power and the D.V.C. stated that under the provisions of Section 18 of the D.V.C. Act no person could generate any Electrical Energy at an installation having an aggregate capacity of more than 10,000 kw. in any part of the Damodar Valley without the permission of the Corporation. This Section read with Sections 11(2) and 12(b) of the D.V.C. Act entrusted the Corporation with the responsibility of meeting practically all power requirements within the Damodar Valley. The capacity to generate hydro-electric power being limited, it had to meet the growing demands of vital industrial installations in the area by setting up additional Thermal generating units. As for the generation of Thermal power by the State Governments, it had been tentatively decided that the Corporation would generate both hydel and thermal power to meet the requirements within the Damodar Valley

and that the State Electricity Boards would be free to set up power stations within the Valley to meet requirements existing outside the Valley. It had also been decided to transfer gradually the Corporation's loads outside the Valley to the State Governments' Electricity Boards.

With regard to the capacity of the D.V.C. for generation of hydro-electric power, the Committee were informed that while drawing up the basic features of the Damodar Scheme Mr. Voorduin had made a provision of 200 MW (subsequently estimated at 250 MW) of hydro-electric power on the basis of the construction of eight dams, out of which only 4 had actually been constructed. The present capacity of hydro-electric power of 104 MW (Tilaiya, 4 MW, Maithon 60 MW and Panchet Hill 40 MW) was proposed to be increased by 60 MW by the construction of another Hydel-power station at Konar during the Fourth Plan period. The Secretary, Ministry of Irrigation and Power stated that the Ministry did not favour the D.V.C. generating any further large scale hydro-electric power because of the problem of utilisation of middlings or inferior quality coal available in the Valley. Due to difficulties in their transportation, middlings could not be moved over a long distance, whereas thermal-power generated from them could be transmitted over a distance of 400 to 600 miles. There was a policy decision of Government that Thermal-power stations should be established, as far as possible, near pitheads or coal washeries where middlings were available.

In justification of the D.V.C. undertaking the generation of additional Thermal power instead of leaving this to the State Governments, the Secretary, Ministry of Irrigation and Power stated that, in the interest of economic generation of power, it was the policy of Government to entrust this responsibility to regional organisations such as the D.V.C. on which the State Governments were represented. Asked if it was not desirable to set up another regional organisation to generate Thermal Power and leave the D.V.C. to look after its primary functions, the witness replied that in the process of its working during the past years, the D.V.C. had established an excellent organisation for generation and distribution of Thermal Power. It was pointed out to the witness that this had resulted in a shift in policy with the major emphasis being placed on the generation of thermal power. In answer, it was urged that the shift in policy with regard to the D.V.C. undertaking additional Thermal Power generation to meet growing industrial requirements in the area instead of producing it merely to supplement hydro-electric power had been decided upon in consultation and collaboration with the participating Governments.



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

*Delay in commissioning and defects in working of Power Plants—Page 77—para 3—I-Power—Item 1(i) of Audit Report and paras 7-8 of the Fifth Report of the P.A.C. (Third Lok Sabha).*

7. It was intended to have an installed capacity of 479 MW by March, 1961. (This has since been achieved). There had, however, been delays in commissioning and defects in working of the Power Plants.

The work of constructing a Power Station at Durgapur with two units of 75 MW each, and of installing a 4th unit of 75 MW at Bokaro was taken up by the Corporation in November, 1956, and the following target dates were fixed for their commissioning: Durgapur, First Unit—30-6-1959; Second Unit—31-10-1959; Bokaro, Fourth Unit—31-8-1959. None of these units had, however, been commissioned by the target dates. A test of the Fourth Unit revealed the failure of thrust bearings of turbo-generators. The commissioning of the other two units had been held in abeyance till the 4th unit was commissioned as all the three units were supplied by the same contractor. The failure was ascribed to inadequate experience of the suppliers (Messrs. MAN) in the manufacture of turbines of the specified size and design.

During evidence, the Committee were informed that the two power units at Durgapur had shown some improvement in their working. No. 1 unit which was brought back to line in December, 1962 after overhaul and modification of the turbo-generator had

been giving fairly good service and its availability was 95·6 per cent. No. 2 unit, which was put on line in February, 1962 after its annual overhaul, had given availability of 97 per cent., in spite of its being shut down for some time because of an accidental fire, which period if excluded would raise its availability to 97·7 per cent. The Bokaro 4th unit was brought under normal operations and maintenance on the 22nd December, 1961. All the three Power Units were working but acceptance tests had not yet been completed except in respect of one turbo-generator (not boilers) at Durgapur in which case it was found that the manufacturers had made good the performance guarantees. No final opinion whether the generating plants were defect-free was possible as yet.

As regards the enforcement of penalty against the suppliers (M/s MAN), the Committee were informed that a notice had been issued asking the firm to pay the penalty for the delayed commissioning of the plant. The question regarding imposition of penalty for performance guarantees could be considered after completion of the acceptance tests.

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

### IRRIGATION

*Utilisation of Irrigation Potential, p. 78, para 3—II of Audit Report and Para 3 of Fifth Report of the P.A.C. (3rd Lok Sabha).*

8. Irrigation potential was created with the opening of the Durgapur Barrage in 1955. The potential was initially estimated at 3 lakh acres for rabi and 10·26 lakh acres for kharif. The latest targets (January 1961) were, 1 lakh acres for rabi and 8·73 lakh acres for kharif. The actual acreage brought under irrigation is indicated below:—

Acreage under irrigation (Provisional)	1960-61	1961-62
(a) Rabi	25,000	24,930
(b) Kharif	6,39,000	6,52,000

During evidence, the Committee were informed that the target of 8·73 lakh acres fixed for kharif irrigation would be achieved after the completion of water courses and certain additional regulators, which work was under execution. As regards the rabi irrigation, the target had been reduced to 55,000 acres in concurrence with the Government of West Bengal in order to meet the industrial and navigation requirements. It was urged that less availability of water for rabi irrigation did not hold up its further development, for the cultivators were not ready to take more water. Rabi irrigation was dependent on various other factors e.g. assured market, change in cropping pattern, supply of seeds and fertilizers, etc., about which the Corporation could not do anything on their own.

The delay in the construction of water courses were attributed to the anticipated transfer of the canal system to the West Bengal Government which had been under discussion with the State Government since 1956. At the instance of the Planning Commission that water courses should be constructed by the project authorities, the Corporation decided towards the end of 1960-61 to execute this work, after obtaining an assurance from the West Bengal Government that in the event of the transfer of the canal system, the latter would take over the staff employed on the work. A Designs and Investigations Organisation had been set up for the purpose and a lot of survey and design work had been done. The West Bengal Government had been kept informed of the progress made in this behalf so that the field channels scheme which was their responsibility might also proceed simultaneously.

With regard to the other factors mentioned in the Annual Report (page 6) as causing shortfall in the irrigation target, the Committee were informed of the position as under:

- (i) Palla regulator which had been damaged in floods in 1959 had been constructed in June, 1962;
- (ii) the repair of the Ajoy embankment also damaged in floods was the responsibility of the West Bengal Government; and
- (iii) unauthorised cutting of bunds by the public had been considerably reduced with the co-operation of the district officers.

The Committee have in their previous Reports expressed their concern over the continued shortfalls in the utilisation of the D.V.C.'s irrigation potential, which not only jeopardise the financial interests

of the Corporation but also undermine one of the avowed objects of the setting up of the Corporation. The Committee are perturbed at the inordinate delay that has occurred in taking up the execution of water courses and field channels, considering that the barrage was opened as early as in 1955. In the wake of uncertainty attending the transfer of the canal system to the West Bengal Government, the Corporation could have taken up the execution of water courses much earlier, pending the actual transfer. The Committee trust that vigorous efforts will be made to accelerate the excavation of water courses and field channels in close coordination with the State Government. In this connection, the Committee would also like the D.V.C. to examine whether any reduction in the rates would yield more revenue.

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

### NAVIGATION

*Utilisation of Navigation Canal—pages 78-79, para 3-III of Audit Report and paras 4-6 of Fifth Report of the P.A.C. (Third Lok Sabha).*

9. The left bank irrigation canal has been extended and designed to serve as a Navigation Canal connecting Durgapur with Calcutta (via Kunti and Hooghly rivers) providing for a gross traffic of 2 million tons of cargo. The Corporation has incurred an expenditure of Rs. 4.73 crores on Navigation upto March, 1962. The canal was intended to be opened for traffic in July, 1959, but this could not be done due to the collapse of a Regulator in September, 1959 floods. The Regulator had been reconstructed in July, 1962.

As to the actual utilisation of the Navigation canal, the Corporation stated in November, 1962 that the successful running of the canal was fraught with some problems demanding satisfactory solution. The principal issues were (a) possible inadequacy of water for navigation after meeting rabi irrigation needs, (b) setting up distinct organisations for moving traffic upto the loading points and for moving traffic in vessels along the canal, (c) provision of mechanical loading and unloading equipment, (d) round-the-year navigation of the Hooghly, (e) amendment of the law to make license and registration fees leviable and (f) subsidy for making up the deficits.

During evidence, the Committee were glad to be informed that the Navigation canal had since been "fully open", and the Corporation had recently moved a tug boat with barge from Calcutta to Durgapur. But the Canal had not yet been thrown open to public for traffic. The engineering work had been completed except during dry season it might be necessary to do some dredging in the out-fall of the Kunti.

The Committee enquired about the present position regarding the action taken to resolve the difficulties in the utilisation of the Navigation canal. The representative of the D.V.C. stated that the problem of inadequacy of the water had been solved as a result of reduction by the Government of West Bengal of the rabi irrigation target to 55,000 acres. The setting up of distinct organisations for moving traffic and provision of mechanical loading and unloading equipment was the responsibility of the West Bengal Government who had set up a Water Transport Board. The World Bank was also taking interest in this, and its representative had made a detailed examination of the matter. As regards, 'round-the-year navigation of Hooghly', the Corporation did not regard this as very much of a problem since Hooghly was navigable all the year round by craft of the particular type used in the canal. Regarding the question of amendment of the law to make license and registration fees leviable, the witness stated that, in so far as the Corporation was concerned, it was proposed not to levy any tolls for the next five years. It had framed certain navigation regulations which had been approved by the Ministry of Transport and Communications (Department of Transport). As regards the subsidy for making up the deficits, in view of the fact that another agency was to act as a public carrier, it had to be seen by that agency what subsidy, if any, would be required or whether the scheme would be self-financing.

in regard to silting of the tail-end (Kunti) of the canal, the witness stated that an order for a dredger had been placed and its delivery was expected in 1964. In the mean time, the Corporation had expected to get a dredger on loan from the West Bengal Government in October 1962, but this could not be made available, as the dredger was undergoing extensive repairs and was not likely to be available till about September, 1963. The witness added that Kunti was navigable without a dredger except during low tide in the dry season. So, a dredger would be required if the canal was to be used continuously during day and night.

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

In para 4 of their Fifth Report (Third Lok Sabha) the Committee had desired that the findings of the technical committee of engineers (comprising representatives of the C.W.P.C., West Bengal Government and the D.V.C.) which had been asked to investigate into the reasons for the collapse of the bridge-cum-regulator in September, 1959 floods should be finalised at an early date, so that remedial measures, if necessary, might be applied to other structures of similar design well in time. During evidence, the Committee were informed that the Expert Committee had so far held three sittings and informally discussed the matter. The Expert Committee had requested for extension of time for submission of its Report till December, 1963.

The Committee feel concerned at the delay in establishing the causes of the collapse of the bridge, which took place in September, 1959. They trust that the finalisation of the findings of the Expert Committee will not be further delayed. They would like to know the action taken to fix the responsibility for the collapse of the bridge on the basis of the findings of the Expert Committee and the remedial measures applied to other similar structures.

### III

#### STORES, SURPLUS ITEMS AND DISPOSALS

*Irregularity in the Stores Accounts of Chandrapura Thermal Power station—page 82—para 6 of Audit Report.*

10. The following irregularities in stores accounts of Chandrapura Thermal Power Station were noticed:

- (i) Absence of any physical verification by the Officer-in-Charge since the formation of the Stores Unit in April 1959.
- (ii) Delays in posting receipts and issues.
- (iii) Simultaneous use of more than one requisition book.
- (iv) Non-reconciliation of depot ledger balances with the financial accounts.
- (v) Important records like Register of Works, Contractors' Ledger, Stores Ledger and Materials-at-Site accounts were either not opened at all or not properly maintained.

Attention of the departmental authorities and Corporation was drawn by audit to these irregularities from time to time during September, 1960 to April, 1962. In January, 1962 the Corporation placed the Assistant Equipment Officer under suspension for gross irregularities found in the stores account, and ordered investigation and physical verification, which commenced in May, 1962. It was understood that this departmental verification showed a net shortage of stores worth Rs. 63,000 (gross shortage about Rs. 95,000 gross excess about Rs. 32,000).

The Committee were informed that a stock verification unit had visited the Chandrapura Power Station in March, 1960 but it was unable to carry out physical verification of stores owing to store accounts being in arrears at that time. The postings in stores ledgers had fallen in arrears due to inadequacy of staff. On receipt of an intimation from Audit in September, 1960, about non-maintenance of store accounts, the Corporation called for a report from the Chief Accounts Officer. Some additional staff was also posted to the station to clear the arrears relating to store accounts.

A provisional stock verification report received from the station revealed surpluses which raised doubts about its correctness. An internal Audit Party was, therefore, sent to verify the vouchers, registers etc. right from the formation of the store unit in April, 1959. The internal Audit party started the work in January, 1962 and completed it in August, 1962. The report submitted to the Corporation through the Chief Accounts Officer revealed mismanagement of stores, certain jobs given to the Assistant Equipment Officer which he should not have taken up, and certain other irregularities. The case was handed over to the Special Police Establishment but they did not find sufficient evidence to establish a criminal case and suggested only departmental action. Departmental proceedings had been started against the Assistant Equipment Officer for mismanagement of stores.

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

*Surplus Items—Page 83—para 7*

11. According to the records maintained by the Corporation, as on 31-3-1962, the items declared as surplus to the Corporation and awaiting disposal were as follows:

Description	No. of items	Book value (Rs. in lakhs)
Machinery . . . .	481	164.20
Spares . . . .	6,836	40.29
General Stores . .	1,136	17.20



A test check of the records showed that in a large number of cases the book values had not been noted and that therefore the actual total book value of the surplus items would be greater than the figures given above. Of these (items awaiting disposal), about 48\* items whose purchase value was about Rs. 12\* lakhs had been declared surplus prior to 1960.

During evidence, the Committee were informed that because of the shortage of foreign exchange and the need to utilise all available equipment, it had been decided to reserve certain surplus items for use in Tenughat Project which was likely to be sanctioned shortly. The present position of the surplus machinery was that 276 items were awaiting disposal and 57 items were kept for the Tenughat Project. Spares worth about Rs. 7.15 lakhs and general stores worth about Rs. 6.99 lakhs had also been withdrawn from the surplus stores list for the new project. As regards the non-accountal of the book values of certain items, the Committee were informed that the book value or depreciated value of 124 items was not known as these had been moving from one project to another.

While the Committee appreciate the action of the Corporation to retain certain stores and spares for use in the Tenughat Project in order to save foreign exchange, they trust that such of the items as have no reasonable chance of being used in other projects will be disposed of expeditiously. The delay in disposal will not only block much needed storage accommodation but result in the deterioration of stores which will affect their sale price.

*Some instances of losses in disposal—Pages 83-84—para 9*

Item (i)

12. Two Avelling Barford Dumpers purchased at a cost of Rs. 2.38 lakhs in April, 1950 were declared surplus in 1956 after being worked for 4,707 hours and 3,420 hours respectively and were sold in 1957 and 1958 to private parties for a total sum of Rs. 1.930 against their depreciated value of Rs. 1.79 lakhs. The Corporation stated in November, 1962 that the machines had lost their efficiency on account of the arduous work they were put to at Konar, that the sale value was in fact their scrap value and that the machines had been mistakenly declared "surplus" instead of being declared unserviceable and disposed of as such.

During evidence, the Committee were informed that before their being declared surplus, the two Avelling Barford dumpers had actually done 47 per cent and 34 per cent of their life (based on

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\*According to Audit the figures were 126 and Rs. 25 lakhs.

10,000 hour life fixed for such dumpers by the Plant and Machinery Committee of the Government of India. (Actually three such dumpers had been acquired, but on being used for some time these were found to have intrinsic defects and had to be converted into water tankers. One of these three was still being used as a water tanker. In order to keep one tanker going the other two were cannibalised, as the spare parts were not available in the market.

It was urged that the unsatisfactory working of the Avelling Barford dumpers had been brought to the notice of the Standardisation Committee so that the equipment might be removed from the standardised list. The low sale price in disposal was attributed to the machines being sold as scrap, consisting of mere chassis in one case and chassis with engine but without steering assembly in the other. The bodies had deteriorated as a result of their storage in the open for lack of covered accommodation. The other major parts which had been removed were stated to be still held in stock. The machinery was sold after inviting tenders.

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

#### Item (ii)

A Diesel Engine and spare parts purchased by the Mechanised Earth Moving Division at a cost of about Rs. 51,000 in 1950 were never put to use and were sold to a private party in March, 1960 for Rs. 8,500 incurring a loss of about Rs. 42,500. They had been declared surplus in August, 1957.

During evidence, the Committee were informed that the lot sold in this case consisted of one unused spare diesel engine (valuing Rs. 10,000) and 184 other spare parts (valuing Rs. 41,000) which had been acquired for maintenance of a fleet of Hanomag tractors used by the Corporation. The low sale price was attributed to the engine and spare parts being of a special nature which could be fitted only in Hanomag tractors. Hanomag tractors had themselves become obsolescent. The stores were sold after inviting tenders. The Committee had desired to be furnished with a statement showing the particulars of the tenders received, which is awaited.

The Committee deprecate the delay in disposal of the engine and spare parts, especially when the Hanomag tractors to which these related had themselves been declared surplus in 1955-56 (c.f. para 16 of the 5th Report of the P.A.C., 1962-63).

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

*Equipment lying unused—Page 84—para 11*

13. One Hydraulic Crank Press purchased in January, 1953 at a cost of about Rs. 20,000/- for the Mechanical Workshops (Maithon) was transferred a month later to another division and had never been put to use. Although in July, 1955 the Stores Officer had suggested to the Executive Engineer, C.P. Division, Maithon, that the machine might be declared surplus, it was declared so in November, 1962 but it had not yet been disposed of. The Stores Officer had also reported that a box containing certain component parts was missing. The Corporation stated in February, 1960 that the reasons for the retention of this equipment could not be ascertained and that the question of fixing responsibility was being considered.

The Committee were informed that the Hydraulic Crank Press had been purchased by the then Engineer-in-Charge of the Construction and Plant Division in January 1953 from the D.G.S. & D. out of the German Reparation Machinery for use in the workshop. But it was later found that the machinery was not of much use to the Corporation. Apparently, a detailed inspection of the machinery was not carried out before its purchase. The engineer concerned was no longer in the service of the Corporation. It was admitted that due attention was not paid to the disposal of machinery, but it was urged that no responsibility could be fixed for this on any individual.

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

It is not understood why no responsibility could be fixed, when it has been admitted that a detailed inspection of the machinery

was not carried out before its purchase and due attention was not paid to the disposal of machinery. The Committee consider that the matter should have been investigated and responsibility fixed at a much earlier stage. The failure on the part of the Engineer should have been reported to the Rourkela Project authorities under whom he is now working. The Committee trust that necessary action will be taken now without further delay and the Committee apprised of the action taken.

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#### IV

#### WORKS EXPENDITURE, CONTRACTS ETC.

*Failure of new structures—Page 85—para 12 of the Audit Report Item (i)—Collapse of a new bridge.*

14. A new bridge was constructed under orders of the Project Manager in August, 1958 at a cost of Rs. 32,443/- across the Gangur drain. It had been stated that the existing District Board bridge about 60' downstream was not in a good condition and was to be demolished after the construction of the new bridge. The bridge completely collapsed in November, 1959 and this was attributed to the 1959 floods. The construction of a new bridge at a cost of Rs. 70,000/- has been sanctioned by the Corporation in June, 1962. The District Board bridge, which withstood the floods continues to be used in the meanwhile.

The Chief Engineer (Civil) informed the Committee that an inquiry held into the causes of the collapse of the new bridge revealed that its design was faulty. Actually all barrage and irrigation structures of the DVC were designed on the basis of the original contour plans prepared by the Government of West Bengal as a result of the surveys carried out in the late thirties. In this particular case according to the plan the discharge of water passing through the channel was expected to be of the order of 925 cusecs. But the discharge actually increased to 1,625 cusecs due to flow from the syphon finding its way into the channel, and this resulted in the collapse of the bridge. The mistake in the contour map was not anticipated by the Corporation.

The Committee learnt from Audit that in furnishing justification for undertaking the construction of the new bridge, the Executive Engineer concerned had reported that the old District Board bridge was in a tottering condition and that half of its length had already sunk down.

The fact that the new bridge completely collapsed in the floods, while the old District Board bridge withstood the floods and continues to be used, raises some doubt in the mind of the Committee about the genuineness of the Executive Engineer's Report on the condition of the old bridge and the need for a new bridge. It is not clear to the Committee whether this Report was verified before sanctioning the construction of a new bridge. The Committee had

desired a note in this behalf from the Ministry, which is still awaited. They suggest that this aspect should be thoroughly investigated and responsibility fixed.

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

*Item (ii)—Collapse of a syphon.*

A syphon constructed in March, 1958 on the right bank of the main canal at a cost of Rs. 12,173/- failed, despite successive repair and protection works at a total cost of Rs. 14,618/-. First, the right bank face wall of the syphon collapsed in August, 1959. Thereupon vents were extended. Again between February and June, 1960 protection and repair works costing Rs. 6,971/- were carried out. As heavy leakage was again observed in July, 1961, further works were carried out at a cost of Rs. 3,033/-. As all these repairs and protection works did not serve the purpose and the syphon was working as an undersluice, it was sealed off in September, 1961 at a cost of Rs. 4,614/- pending investigation into the causes for the failure of the syphon.

An inspection of the structure by the Deputy Chief Engineer (B & I) after the kharif irrigation season of 1961 indicated that the masonry work had been done 'in very poor mortar or no mortar at all' instead of cement mortar as provided in the contract. Chemical analysis at the Alipore Test House of samples of cement mortar used, showed that cement sand ratio ranged from 1:4.8 to 1:10.2 by weight, and 1:4.5 to 1:9.4 by volume as against the ratio of 1:4 fixed in the contract. The Corporation stated (November, 1962) that further action was being considered in the light of the test report (received in September, 1962).

During evidence, the representative of the DVC admitted that the construction of the syphon was a bad work. The explanations of the Assistant Engineer and the Overseer concerned, as also the comments of the Chief Engineer, had been obtained. The matter would be considered by the Corporation and necessary action taken. The Committee were assured that the necessary repairs had been carried out and the structure was in a satisfactory condition.

In extenuation of the cost of protection and repair works being larger than that of the original construction work, the witness stated that the repairs had to be rushed through so as to maintain the supplies of irrigation; besides some extensions had to be made.

The Committee learnt from Audit that during the execution of the work, when only earth work had been done, a proposal to revise the design to provide greater ventage for the syphon was not accepted and it was decided by the Executive Engineer (Design), Deputy Chief Engineer and Superintending Engineer (Barrage and Canal) that the syphon should be constructed according to the existing design and that any drainage problems subsequently encountered should be dealt with on their merits. Subsequently, when the right bank face wall of the syphon collapsed in August, 1959, the ventages had to be extended. The Committee therefore regret to observe that besides the execution of the work being sub-standard\* there was lack of foresight on the part of higher officers in not accepting the proposal made by the Executive Engineer incharge to revise the design. The Committee would like to know the action taken against the Assistant Engineer and the Overseer responsible for the sub-standard work.

*Delay in the utilisation of coal middlings and gas from the Durgapur Steel Plant at the Corporation's Power House—consequent extra-expenditure—pages 86—88, para 13.*

15. One of the main considerations for locating the Corporation's Thermal Station at Waria-Durgapur was that gas and coal middlings produced by the Steel Plant could be used as fuel, thus securing fuller utilisation of resources and a large reduction in the transportation of coal from other sources. The coal middlings were to be lifted by the DVC from the Steel Plant Washery while the gas was to be delivered by the Steel Plant at the Power Station of the Corporation.

For the carriage of coal middlings the Corporation placed an order in May, 1958 with a German firm for the supply and erection of a Conveyor by 1st August, 1960 at a cost of Rs. 26.18 lakhs. In September, 1958 the Corporation accepted a suggestion from the Consultants of the Steel Plant that the gas mains to be laid by Hindusthan Steel might be carried over the Conveyor structure. To this end, the Corporation permitted the Suppliers to redesign the Conveyor structures in collaboration with Steel Plant's Consultants without however, obtaining any commitment from Hindustan Steel as to the extra charges involved. The Corporation did not also formally accept the additional charges of Rs. 2.02 lakhs (DM 1,50,000) quoted by the German Suppliers for the revision and did not give a final clearance to the Suppliers until May, 1960 pending acceptance of the

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\* (As reported by Deputy Chief Engineer in "very poor mortar or no mortar at all".)

charges by Hindusthan Steel, although the re-designing of the structures had been approved in September, 1958. As the acceptance of Hindusthan Steel was not forthcoming even in April, 1960, the Corporation contemplated a switch-back to the original design, but subsequently chose to adhere to the revised design in view of the fact that Suppliers demanded DM 1,00,000 as cancellation charges and observed that there would be a further delay of six months by going back to the original design. The Hindusthan Steel have not yet given their formal acceptance to the additional charges.

The German Suppliers claimed in March, 1961 a sum of Rs. 1.69 lakhs (DM 1,48,000) towards re-imbursement of extra expenses they were put to on account of delays attributable to the Corporation. The claim was repudiated by the Corporation in September, 1961.

The Conveyor was commissioned only in July, 1962 two years after the target date (August, 1960). The Power Station, was, thus, until July, 1962, completely dependent on other sources for its fuel requirement although one unit had started working from October, 1960 and the second unit from February, 1961. As the Conveyor meant to carry the middlings was not ready, 1,29,707 tonnes were transported by road through a contractor at a cost of Rs. 3.40 lakhs between 26th June, 1961 and 26th June, 1962 (when the transport by road ceased). The transport by road instead of by the Conveyor resulted in an extra expenditure of Rs. 2.04 lakhs and it has been agreed that Hindusthan Steel would bear 75 per cent of this extra expenditure.

According to an agreement executed in May, 1961 between the Corporation and the Plant authorities, 2,50,000 tonnes of middlings were to be supplied at a minimum rate of 20,000 tonnes per month. Against this, only 1,29,707 tonnes could be lifted during 12 months at an average of 10,809 tonnes per month. The balance quantity of 1,20,293 tonnes had to be procured by the Corporation from other parties, by incurring additional expenditure which has been estimated at Rs. 1.60 lakhs.

To burn the gas to be supplied by the Steel Plant the boilers of the Power Station have been provided with additional equipment at a cost of Rs. 5.93 lakhs. Because of the non-availability of gas over a long period, the Corporation had been obliged to brick up the spaces meant for the operation of gas burners. The gas mains have since been laid but the Power Station is not yet in a position to utilise gas which is being released in the atmosphere.



During evidence, the representative of the DVC stated that the provision of a single conveyor structure to carry across both middlings and gas mains had obviated the need of having a second structure and had thereby resulted in a saving estimated at about Rs. 2.86 lakhs in foreign exchange. The Corporation had agreed to the redesigning of the structure after the Steel Plant's Consultant Engineers had accepted in principle that they would bear the extra cost involved in strengthening it to carry both middlings and gas mains. The Hindusthan Steel had also accepted the position in principle in 1959. The Secretary, Ministry of Steel and Heavy Industries stated that according to the Hindusthan Steel's contract with the Consultants, they had to be paid separately for designing the two lines. Although the proposal to combine the lines had been all along accepted in principle, there had been delay in fixation of the amount payable by the Consultants on this account to the Hindustan Steel, which the Hindustan Steel would in turn pay to the D.V.C. The representatives of the Ministry of Irrigation and Power and the D.V.C. urged that there was no delay in the construction of the conveyor structure because of lack of agreement on this account. The delay in the construction was attributable to various other factors. Both the Steel Plant and the Power Station being in the process of construction at that time, things were in a state of flux; the alignments had to be shifted frequently when necessitated considerable changes in the design of the conveyor. Considerable time was taken in getting clearance from the Railways in regard to the design and fabrication of a section of the conveyor passing over the Railway lines; the Railways were themselves executing their electrification programme. As the railway lines were handling vital traffic, the construction of the conveyor had to be so co-ordinated as to cause minimum disturbance. Besides, a clearance had to be obtained from the Additional Commissioner of Railway Safety in regard to the safety aspect of the structure. There were frequent discussions even on field level to expedite decisions. However, as the matters involved detailed technical appreciation and reviews at lower levels particularly by the Railways it was urged that delay was inherent in coming to final decisions by the competent authorities.

Explaining the reasons for short supply of middlings to the Power Station the Secretary, Ministry of Steel & Heavy Industries stated that the Steel Plant Washery's output during the period was below the rated capacity, and also considerable old stocks were lost as a result of lorries and trucks passing over them. The Steel Plant authorities had agreed in principle to bear the extra cost to the D.V.C. for procurement of coal from other parties. Their exact lia-

bility would be determined when the amount to be borne by the consultants of the Hindustan Steel is decided upon.

Explaining the difficulties in the utilisation of gas by the Power Station, the representative of the D.V.C. stated that although the gas mains had been laid, the Power Station boiler had to be modified and the burners which had been bricked up to prevent damage had to be brought back into operation. In view of the power shortage at present, the Corporation could not afford to shut down one of the generating units in order to adjust it to burn both coal and gas. This work would be undertaken at the time of overhaul of No. 2 unit. The Committee were assured that the Power Station would be able to utilise gas by October, 1963.

The General Manager, Durgapur Steel Plant stated that the quantity of gas to be supplied to the Power Station had been fixed at 5 million cft per day. It was not possible to spare 8 lakh cft of gas per hour (i.e., 19.2 million cft per day), as originally envisaged, because of the requirement of the alloy steel plant having arisen since. The price at which the gas would be supplied to the Power Station had not yet been finalised. According to the witness, the loss on account of non-utilisation of gas by the Power Station at present worked out to Rs. 2,750 per day.

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

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

*Unproductive expenditure—(Konar Project)—Page 88—para 14*

16. Of the "direct" expenditure of Rs. 9·12 crores incurred in the construction of the Konar Project, Rs. 16·36 lakhs related to preliminary works connected with the associated Hydel Scheme; this scheme has not yet been taken up for construction although the Dam itself was completed in October, 1955. The Corporation stated that the construction of a Hydel Station at Konar had not been included in the Third Plan. It was proposed to press for its inclusion in the Fourth Plan. Included in the expenditure of Rs. 16·36 lakhs referred to above was a sum of Rs. 5·38 lakhs\* attributable to an underground Power Scheme which was stated to have been finally abandoned.

During evidence, the Committee were informed that, out of the expenditure of Rs. 16·36 lakhs incurred on the Konar Hydel Scheme, a sum of about Rs. 11 lakhs represented merely an accounting adjustment by way of allocation of the proportionate cost of certain roads, houses etc. which had to be constructed in any case. A sum of Rs. 5·38 lakhs was spent on investigation carried out in connection with the under-ground power scheme. It was decided to abandon the underground power scheme because of its prohibitive cost, considering the limited power potential of the Konar Hydel Project. It was now proposed to construct a surface power station during the Fourth Plan period.

The Committee feel that expenditure incurred on investigation (Rs. 5·38 lakhs) in regard to the underground power scheme, which has become infructuous, was very much on the high side. They suggest that it should be examined for future guidance whether investigations on such a scale were really necessary in deciding the feasibility or otherwise of a scheme.

*Abnormal delay in settlement of claims—Pages 88-89—para 15*

17. Final settlements with the contractors had been pending for about three years in respect of two contracts entered into in 1955-56 for the construction of (i) a Regulator with fall and (ii) a Lock with approach and exit channel, at Chainage 2862 of the Navigation Canal.

Both the contracts contained an item—"Earthwork in excavation in all kinds of soil . . . cost of dewatering, if any, in foundation excavation and work is to be borne by the contractor for which no separate payment will be made". In both cases, according to the Corporation, abnormal dewatering became necessary due to artesian effect. The Corporation, therefore, directed (in June and July, 1956) that dewatering should be carried out departmentally and that

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\*According to Audit the figure was Rs. 5·41 lakhs.

the cost of "normal" dewatering would be recovered from the contractors. The normal dewatering charges had however, not yet been recovered from the contractors although the construction of the regulator and the lock was completed in 1959. The salient features of the cases are as under:—

**Regular.**—The rate of normal dewatering charges was fixed by the Department, at Rs. 3·50 per cusec hour of pumping and was accepted by the contractor in December, 1956. The total departmental cost of dewatering was Rs. 2·20 lakhs inclusive of labour charges. A recovery of Rs. 7,500 only was effected from the contractor upto June, 1959. The Department recommended in August, 1959 the recovery of Rs. 20,790 as the normal dewatering charges @ Rs. 3·50 per cusec hour. In May, 1961 the Department, however, revised the normal dewatering charges to Rs. 14,519 for 19,920 cusec hours as against Rs. 69,720 calculated at the rate of Rs. 3·50 per cusec hour. The contractor had also prayed (in April, 1959) for exemption from normal dewatering charges as abnormal difficulties had been encountered.

**Lock.**—The reasonable cost of dewatering to be fixed on the basis of actuals was to be recovered from the contractors. The Department fixed a provisional rate viz., 3·50 per cusec hour which was accepted by the contractor. The actual dewatering charges amounted to Rs. 1·66 lakhs. A provisional recovery of Rs. 22,000 was made from the contractor upto June, 1959. In July, 1961 the Department revised the normal dewatering charges to Rs. 14,190 on the basis of actuals for 16,760 cusec hours.

On the ground of abnormal working conditions and abnormal water troubles the contractor put forward a claim for Rs. 3 lakhs and sought for arbitration in December, 1960. The claim was pending with the Corporation. The final bills have been held up in both cases.

During evidence, the Committee were informed that orders had been issued in June, 1963 to recover the charges for normal dewatering from the contractors at the rate of Rs. 3·50 per cusec hour, as originally agreed to by them. As regards the contractor's claim for Rs. 3 lakhs the Corporation would appoint an arbitrator to decide the issue.

The Committee are not happy over the delay of more than 6 years (after 1956) in reaching a final settlement in regard to the normal dewatering charges. It is not clear to the Committee why the normal dewatering charges calculated at the rate of Rs. 3·50 per cusec hour as agreed to by the contractors were revised in the two cases in May, 1961 and July, 1961 respectively. There has also been undue delay in deciding to appoint an arbitrator.

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

*Full payment to a contractor for admittedly defective work—Pages 90-91—para 18*

18. The work "Construction of Fall with Regulator at Chainage 540 of L.B.M.C." was started by a contractor on 19th March, 1956 and completed on 31st January, 1958. The expenditure amounted to Rs. 2.62 lakhs. The Deputy Chief Engineer, who inspected the work on 10th May, 1957, observed that the standard of work had been very poor. The Assistant Engineer also intimated to the contractor on 11th May, 1957 the following defects :—

- (i) "The masonry work was defective and not according to specification;"
- (ii) "Concrete work was being done deviating from specification and instructions;"
- (iii) "Quality of work was very poor";
- (iv) "Often stoppage of work was done at a point which told on the strength of the structure;
- (v) "The gravels for carpeting have not been washed properly"; and
- (vi) "Decayed and oversized gravels not removed."

The contractor, however, denied the charges of bad workmanship in a letter dated 14th May, 1957 and also pointed out that there had been constant departmental supervision. Two months later (i.e. on 13th July, 1957), the Sub-Divisional Officer complained that the quality of work had not improved in spite of repeated requests. Among the defects mentioned were (i) pointing done in a haphazard way and (ii) boulder pitching in canal slopes not according to specification etc.

Instructions were issued by the Executive Engineer on 10th May, 1957, and 24th July, 1957 that no payment should be allowed for defective items until the defects were rectified. The contractor was paid finally in July, 1960 at full rates for each item of work, but no records were available to show that the defects had been rectified. No deductions were also made for defective work where rectifica-

tion did not seem to be possible, e.g., in mass cement concrete and similar items of work (which weakened the strength of the whole structure).

In November, 1962, the Corporation stated that the defects noticed in the process of construction were not only remediable but were presumably remedied, although there was no specific report to that effect, since in the Assistant Engineer's completion report dated 21st February, 1958, completion "in all respects" was certified.

During evidence, the representative of the D.V.C. stated that it was not the practice in the Corporation to have a report regarding the rectification of defects pointed out in inspection reports; it was the responsibility of the contractor and the Engineer on-the-spot to rectify defects. It was urged in the present case that the report of the Sub-Divisional Officer dated the 13th July, 1957 complaining of defects in pointing and boulder pitching implied that the earlier defects pointed out by the Deputy Chief Engineer had been removed. Further, the Assistant Engineer's completion report dated the 21st February, 1958 certifying completion in all respects implied that all the defects had been removed.

The Chief Engineer (Civil) stated that he had recently (in June, 1963) carried out a visual inspection of the whole work, but he could not find any of the defects mentioned in the inspection reports. The witness held the view that the fact that the final payment to the contractor was made in full implied that the defects had been removed. The Comptroller and Auditor General pointed out that the Assistant Engineer had reported on the 29th January, 1958 (within two days of the pointing out of the defect by the Assistant Engineer) that the boulder pitching at the canal site slopes was defective and not upto specification. The work was reported to have been completed on 31st January, 1958 which hardly carried conviction. The Chief Engineer (Civil) stated that during his visual inspection of the work, he found no defect in boulder pitching.

Referring to the letter of the contractor dated the 14th May, 1957, disputing charges of bad workmanship pointed out by the Deputy Chief Engineer on 11-5-1957, the Committee asked how, in view of the contractor's stand, it could be presumed that the defects were rectified by the contractor and why no record of the rectifications made, if any, was kept. The witnesses could not give any satisfactory reply.

From the above facts, the Committee find it difficult to accept the Corporation's contention that all the defects pointed out in the inspection reports had been rectified by the contractor, before the

issue of the completion certificate and making of the final payment. It is also not clear why final payment to the contractor was delayed till July 1960, if the work was completed in all respects in February, 1958. In view of the fact that there was a controversy between the contractor and the Engineers over the very existence of the defects and the Executive Engineer had twice issued instructions (on 10-5-1957 and 24-7-1957) to withhold payments for defective items, the Committee are at a loss to understand why the rectification action, if any, taken in this regard was not recorded. As regards the visual inspection of the structure recently conducted by the Chief Engineer, the Committee doubt whether such an inspection (five years after the completion of the work) with water running in the canal could have disclosed any inner defects in the work. The Secretary, Ministry of irrigation and Power suggested that an enquiry could be made to ascertain whether the defects reported were genuine and if so, whether they were really rectified by the contractor before the issue of the completion certificate. The Committee desire that a proper and thorough enquiry should be made into the whole matter.

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

*Avoidable expenditure—Page 91—para 19*

19. Out of 6,07,941 tonnes of coal procured for the Durgapur Thermal Power Station upto July, 1962, 4,54,156 tonnes were transported by road between June, 1961 and July 1962. Instead of installing a weighbridge of its own for the weighment of this coal, the Corporation engaged a contractor in June, 1961 for getting the coal weighed on his weighbridge. The rate fixed was 12 naye paise per tonne. A total amount of Rs. 52,876 was paid towards weighment charges for 4,21,407 tonnes. It was only in February, 1962 that the Corporation sanctioned the purchase of a weighbridge, and it was installed in the middle of July, 1962 at a cost of Rs. 31,106.

During evidence, the Committee were informed that the question of transport of coal by road was first considered by the Corporation after the Railways had stopped the supply of wagons for transport of coal in May, 1961. It took the Corporation some time to ascertain that transport by road would be more or less a permanent feature, before deciding to instal a road weighbridge. The

question of supply of wagons remained under discussion with the Coal Controller till December, 1961, when it was found that their availability would be difficult. A proposal to purchase a weighbridge was initiated in December, 1961 seven months after the Railways had stopped supply of wagons and sanctioned in February, 1962. The weighbridge was actually installed after a further lapse of five months.

The Comptroller & Auditor General pointed out that, before placing the contract for transport of coal by road in June, 1961, a provision of Rs. 34,250 had been made for weighment charges, whereas the cost of the weighbridge was Rs. 31,106. The Chief Electrical Engineer stated that when the railway wagons ceased to be available, the overriding consideration before the engineer-in-charge was to make immediate alternative arrangement for the movement of coal which was urgently required to run the power station; the economics of installing a weighbridge as a short term measure were not considered.

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

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

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## MISCELLANEOUS

*Outstanding Objections Pages 92—94, para 20(A) of Audit Report*

20. 81 items of objection covering Rs. 421.27 lakhs were brought to the notice of the Corporation during 1961-62, through the reports of Monthly Results of Audit as required under Rule 28 of DVC Rules, 1948 framed under the DVC Act. Of these, 62 items covering Rs. 419.19 lakhs remained to be settled at the end of November, 1962.

Besides, 111 items of objection (involving Rs. 203.48 lakhs) which were similarly brought to notice prior to 1961-62 (37 items being more than 3 years old), still remained to be settled at the end of November 1962.

A broad analysis of the nature of the objections, and the amount involved, is given below:—

Subject	Amount (Rs. in lakhs)	Remarks
(a) Want of detailed estimates	405.93	The Corporation stated that there were certain practical difficulties in preparing estimates according to the standing orders and that a suitable revised procedure would be evolved shortly to overcome these difficulties.
(b) Excess over estimates	6.73	
(c) Apparently avoidable expenditure	1.87	
(d) Non-observance of the prescribed procedure	200.32	Mainly, non-maintenance of proper material-at-site account, tools and plant accounts; execution of works without final agreement or sanction; purchase of materials without final agreement or sanction; purchase of materials without inviting tenders in the prescribed manner.
(e) Loss due to non-realisation of recoverable amounts	4.72	
(f) Others	3.10	

During evidence, the representative of the DVC stated that out of 62 Audit Objections for the year 1961-62 remaining to be cleared as

on 30th November, 1962, 19 had been replied to and 2 converted into draft Audit paragraphs. In respect of the remaining 41 items, replies had been processed after collection of relevant material from the projects.

Out of 111 items relating to the period prior to 1961-62, 50 had been replied to, 7 dropped by Audit and one converted into draft Audit paragraph.

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

*Item (a)—Want of detailed estimates*

With regard to the amount of Rs. 405.93 lakhs held under objection for want of detailed estimates, the representative of the DVC stated that the amount related mainly to the purchase of equipment, consultancy fees, etc. for which it was difficult to prepare detailed estimates, as these items were put to tender. It was, therefore, proposed to revise the present procedure so as to dispense with this formality in regard to such items and the matter was under consideration with Audit. The Comptroller and Auditor General, however, pointed out that the amount might also include certain items of civil and other works for which detailed estimates could have been prepared. The Committee desired to be furnished with a note stating the break-up of the amount under categories, purchases, consultancy fees, works, etc. and the number of items under each category, with reasons for non-preparation of detailed estimates and the present position regarding adjustment of expenditure. The Committee regret that the information is not yet received.

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

*Item (b)—Excess over estimates*

The Committee were informed that the excesses over estimates amounting to Rs. 6.73 lakhs will be regularised expeditiously. The Committee trust that delay in this behalf will be avoided in future.

*Item (c)—Apparently avoidable expenditure*

According to Audit, out of the amount of Rs. 1.87 lakhs relating to 'Apparently avoidable expenditure', a sum of Rs. 0.14 lakhs only

had been adjusted during the period 1st December, 1962 to 30th April, 1963. The Chief Accounts Officer stated that it was proposed to discuss the matter with Audit to settle the remaining items. **The Committee desire that action to settle the outstanding objections should be expedited.**

*Item (d)—Non-observance of the prescribed procedure*

The Committee were informed that out of the amount of Rs. 200.32 lakhs under objection, the bulk of the amount (Rs. 1.19 crores) related to non-maintenance of material-at-site accounts in the forms prescribed by the C.P.W.D. The accounts had actually been maintained in different forms, and it was difficult to maintain them in C.P.W.D. forms in big construction projects. The Committee were assured that the matter would be discussed at the next meeting with Audit.

**The Committee desire that the question of simplification of the forms for maintenance of accounts should be decided in consultation with Audit at an early date.**

*Item (e)—Losses due to non-realisation of recoverable amounts*

Out of the loss of Rs. 4.72 lakhs due to non-realisation of recoverable amounts, the amount outstanding on 30th April, 1963 was Rs. 0.94 lakh, according to Audit. The representative of the DVC stated that the matter was under correspondence with Audit and all efforts would be made to settle the remaining cases expeditiously. **The Committee trust that the question of fixing responsibility for the losses will also be considered by the Corporation.**

*Acknowledgement of Balances—para 20 (C)*

21. The asset side of the balance sheet showed certain amounts outstanding with employees, but the customary acknowledgement from the parties had not (November, 1962) been obtained and produced to audit in proof of the balance in the following cases:—

(i) Imprest	..	Rs. 5,273
(ii) Temporary Advance	..	Rs. 1,02,418
(iii) Cycle Advance	..	Rs. 641

The Chief Accounts Officer stated that the necessary acknowledgements had since been received from the employees in the outstanding cases, and were being produced to Audit. The witness admitted that there had been avoidable delay in obtaining the acknowledgements and assured the Committee that such delays would be eliminated in future.

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

*Proforma Accounts—Para 20 (D)*

22. The proforma accounts of 1961-62 in respect of the following units had not been received in audit (November, 1962):—

- (i) Fishery (from the inception of the scheme in 1953-54).
- (ii) Irrigation and Flood Control (Water was first let out for irrigation in 1954-55. First proforma account incorporating all past transactions due from 1959-60).

The Corporation had stated that a firm of Chartered Accountants had been appointed as Consultants to draw up the accounting principles and pattern for the revenue accounts of the Corporation which had to be opened from 1963-64 under Section 39 of the D.V.C. Act.

The Chief Accounts Officer stated before the Committee that the proforma accounts in respect of the Irrigation and Flood Control and the Fishery had been finalised after resolving Audit queries and had been submitted to Audit on 1st July, 1963.

According to Audit, the proforma accounts of the Fishery for the period upto 1960-61 and for 1961-62 disclosed losses of Rs. 11,593 and Rs. 7,380 respectively. In extenuation of the losses, the representative of the DVC stated that the Fishery was still in the formative stage, and it would take the Corporation some time to exploit it economically. The Chief Engineer (Civil) stated that another problem confronting the Corporation was poaching which resulted in certain amount of loss. This had been brought to the notice of an Expert Committee appointed by the West Bengal Government on availability of fish, which had recently visited the Valley. The experts regarded the Fisheries of the Corporation as promising. The Corporation had also launched upon a scheme for production of finger-lings, which had yielded satisfactory results. The Chief Accounts Officer stated that according to the provisional proforma accounts for the year 1962-63 there was a profit of Rs. 917 during the year.

The Comptroller & Auditor General informed the Committee that the poundage of fish had considerably gone down during the year 1961-62 i.e., 48,000 as against 106,750 in the previous year.

The Committee asked for the justification of the Corporation running the Fisheries, when it had to attend to more important functions. The representative of the DVC stated that under Section

22(2) (iv) of the D.V.C. Act the Corporation was empowered to stock its reservoirs or water courses with fish.

With regard to the progress made in drawing up principles and pattern of the revenue accounts of the Corporation to be opened from 1963-64, the Committee were informed that the firm of Chartered Accountants appointed for this purpose had submitted their report on the 28th March, 1963. The Report was at present under the consideration of the Ministry of Finance, and would be sent to the Comptroller and Auditor General shortly.

The Committee regret to observe that the fishery Scheme which was started ten years back has not yet yielded satisfactory results. The Committee find little justification for the Corporation continuing to run the fisheries when it has to attend to more important functions and it cannot effectively deal with the problem of poaching. They, therefore, suggest that the question of transferring the fisheries to the respective State Governments on royalty basis should be examined.

The Committee trust that an early decision will be taken on the report of the firm of Chartered Accountants regarding the principles and pattern of the revenue accounts of the Corporation which according to the D.V.C. Act are to be introduced from 1963-64.

*Rehabilitation of affected families in land reclaimed at Maithon—Page 20 of Annual Report, 1961-62—paras 5 and 6.*

23. Out of the total number of 5211 families affected, 650 families (491 from Jamtara and 159 from Dhanbad) had opted for land reclaimed by DVC and the rest preferred cash compensation. Finally, only 50 families accepted 128 acres of reclaimed land and the rest asked for cash compensation.

In Jamtara Sub-Division, the rehabilitation work, including reclamation of land, was taken over by the Government of Bihar about 6 years ago. Out of 491 affected families, only 7 families accepted 17·20 acres of DVC reclaimed land. The Resettlement Officer (S.D.O.) Jamtara, was requested to expedite acquisition of 17·20 acres of land and exclude from acquisition the remaining 390·86 acres which had already been offered to be transferred to the Government of Bihar by the Corporation. The Government of Bihar took action to extend irrigation facilities to the reclaimed lands, provision for drinking water wells, village roads and Community Centres, etc. The Committee understand from Audit that the Corporation had spent about Rs. 12·70 lakhs on the reclamation of the

unaccepted land totalling about 1445 acres. The Government of Bihar had undertaken to buy all the reclaimed land, upto 2000 acres. It is reported, however, that the matter has remained unsettled for the past 8 years owing to a difference of opinion regarding the valuation.

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

*Sundry Debtors for current supplied—Page 43 of the Annual Report, 1961-62—Balance Sheet*

24. Referring to an amount of Rs. 1.81 crores outstanding as on 31st March, 1962 under 'sundry debtors for current supplied', the Committee desired to be furnished with information on the following points:

- (i) What were the reasons for such a large outstanding as on 31st March 1962? What was the outstanding against Government departments/private parties.
- (ii) What was the amount, if any, which remained outstanding for more than two years and how far had recoveries since been made?
- (iii) What was the position of outstanding recoveries as on 31st March 1963?

The information is still awaited. The Committee feel concerned at the heavy outstanding amount due to the Corporation for current supplied, and trust that vigorous efforts will be made by the Corporation to expedite the recoveries. They will examine the matter when they consider the next year's Audit Report.

*Other Items—Inter-Departmental transactions adjustable by the Department Officers—Page 43 of the Annual Report 1961-62—Balance Sheet*

25. An amount of Rs. 64.25 lakhs was outstanding as on 31st March, 1962 for adjustment in respect of inter-departmental transactions. The Chief Accounts Officer informed the Committee that the outstanding amount had been reduced to Rs. 39 lakhs. The witness

added that in order to avoid heavy outstandings for adjustment between the various formations of the D. V. C., at the end of the financial year, it was proposed to revise the present procedure suitably. The Committee desire that action to revise the procedure should be expedited.

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## VI

### OUTSTANDING RECOMMENDATIONS

26. The Committee will now deal with some of the more important items outstanding from the previous Reports relating to the D. V. C. Accounts.

The Replies received from the Ministry of Irrigation and Power/ D. V. C. and Ministry of Home Affairs stating action taken or proposed to be taken on the recommendations of the Committee relating to the D. V. C. Accounts have been included in Part III\* of this Report.

**The Committee note that in the following cases the replies furnished by the Ministries/D. V. C. are of an interim nature. They will therefore await a further report thereon.**

Para 48 of Fourteenth Report (1958-59).

Para 41 of Thirty-sixth Report (1960-61).

Paras 46 and 84 of Thirty-ninth Report (1961-62).

Para 55 of Thirty-ninth Report (1961-62).

Para 72 of Thirty-ninth Report (1961-62).

Para 18 of Fifth Report (1962-63).

**\*\*Para 23 of Fifth Report (1962-63).**

*Durgapur Thermal Power Station—para 7 of the 5th Report (Third Lok Sabha)*

27. The failures in the working of the power station at Durgapur with two units of 75 MW each and the fourth unit at Bokaro had been attributed to inadequate experience of suppliers (Messers MAN) in the manufacture of turbines of the specified size and design. The Committee (1961-62) had been informed that considering the urgency of Commissioning the Durgapur Steel Plant, contrary to the usual procedure, M/s MAN's tender, which was the second lowest, was not referred to the Consulting Engineers for their written opinion before acceptance. The lowest tender (of M/S Escher-Wyss-Oerlikon) was referred to the Consulting Engineers and was rejected. The P.A.C. (1962-63) had desired the Corporation to examine the question of fixing responsibility for deviation from the normal procedure in not referring the tender of M/S MAN to the Consulting Engineers.

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\*Not printed (one cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.)

\*\*Further information desired by the P.A.C. awaited.



In a statement\* furnished by the Ministry of Irrigation and Power, it has been stated that non-reference of the MAN tender in a formal manner to the Consulting Engineers for their written opinion, not only did not amount to a deviation from the Corporation's normal practice but that the procedure adopted in the particular case was within the knowledge and had the implicit approval of the Corporation. The lowest tender (of M/S Escher-Wyss-Oerlikon) was referred to the Consulting Engineers for special reasons relating to specific technical issues. But these did not apply in the case of the MAN tender or other tenders which the Corporation's own technical experts had examined and found to be un-acceptable.

The Committee feel that, learning from the failures of M/S MAN in the present case, the Corporation should examine the existing procedure of scrutinising tenders so as to make it obligatory to refer acceptable tenders in regard to purchase of complicated machinery to the Consulting Engineers with a view to having the benefit of their expertise.

*Acquisition of lands for DVC Projects—para 19 of 5th Report (Third Lok Sabha)*

28. The accounts in respect of the lands acquired by the Corporation for its projects in Bihar and West Bengal had not been maintained properly. In the case of the lands in Bihar a total amount of Rs. 3.88 crores had been deposited with the Land Acquisition Officers during the period 1949-50 to 1960-61. Even though the projects were completed in 1952-59, it had been reported by the Director of Rehabilitation and Land Acquisition in March 1961, that as the accounts of the amounts deposited had not been finalised even in a single case, an approximate amount of Rs. 30 lakhs due to the Corporation from the advance deposits could not be refunded to the Corporation. In respect of the land acquired for the barrage and irrigation projects in West Bengal the Corporation paid a sum of Rs. 2.02 crores upto 1960-61.

The Committee (1962-63) had been informed that land registers maintained in the Corporation were by and large complete. The Committee had desired the Comptroller and Auditor General to re-examine the position and bring the matter to the notice of the Committee. The Comptroller and Auditor General furnished a note (Appendix I) to the Committee stating the latest position regarding the maintenance of land accounts in the Corporation.

During evidence, the Committee were informed by the representative of the DVC that the registers in respect of the lands acquired in Bihar were upto-date and all necessary entries that could possibly

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\*S. No. 7 of the Statement showing action taken on the outstanding Recommendations of the Committee Appendix I of Part III (Not printed.)

be made, had been made. As regards the lands in West Bengal, about 99·8 percent of the entries that could possibly be made, had been made (i.e. 59,967 out of 60,090 entries). With regard to the refund of the amount of about Rs. 30 lakhs due from the Bihar Government, the witness stated that the matter was being pursued with the State Government, who had stated that their own ledgers were not complete and had suggested the appointment of additional staff to clear arrears at the expense of the Corporation, to which the latter were not agreeable.

According to Audit, no conveyance deeds had been executed in a single case so far as the land acquired in Bihar was concerned. In extenuation, the representative of the DVC stated that the form for this purpose and the question of payment of stamp duties had been finalised. Further steps would now be taken in the matter.

The Committee feel concerned at the delay in the settlement of the amounts refundable to the Corporation by the Bihar Government. They desire that vigorous efforts should be made by the Corporation to execute conveyance deeds in respect of the lands acquired in Bihar and to pursue the question of refunds.

*Introduction of a system of concurrent internal checks—para 27 of 5th Report (Third Lok Sabha)*

29. In this case losses (Rs. 42,124) had come to notice after a lapse of three years of the completion of the manufacturing operation of bricks at Panchet; no action could be taken against the delinquent officials as they had left service. The Committee had desired the Corporation to examine the feasibility of introducing some concurrent checks whereby the time-lag between the occurrence and the detection of irregularities was reduced to the barest minimum.

In statement\* furnished by the Ministry of Irrigation and Power, it has been stated that some internal checks have been introduced by the Corporation in respect of financial accounts and store accounts, but no special inspection team has been created for works inspection.

The Committee desired to be informed of the action taken by the D.V.C. in regard to the instructions issued by the Ministry of Irrigation & Power in their letter No. 23(1)55-Policy, dated the 2nd January, 1959, regarding introduction of administrative audit system in various multi-purpose River Valley Projects (which inter-

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\* S. No. 27 of a statement showing action taken on the outstanding recommendations Appendix I of Part III (Not printed).

*alia* included inspection of important works after completion as also during progress for ensuring (a) quality to specifications; (b) execution to schedule and (c) no undue deviations during construction) pursuant to the recommendations of the P.A.C. contained in their 7th Report, 1952-53 (a copy of which was endorsed to the Chairman, Damodar Valley Corporation, for similar action). In a note \*submitted by the Ministry of Irrigation & Power, it has been stated that the D.V.C. informed the Ministry in April 1959 that as the Dam construction phase was nearing completion and for Power Projects and Dams, the Corporation had Consulting Engineers for supervision and quality check in terms of a contract with them, the appointment of the Chief Technical Examiner could lead to difficulties with the Consulting Engineers, besides being redundant. There was, however, an inspection wing composed of the D.V.C. engineers who were directly responsible to the Resident Engineer of the Consulting Engineers and not to the Chief Engineer-in-charge of the construction. Quality control was effected through this wing.

As regards the present position about concurrent internal checks, the Ministry have promised to submit a further report. The Committee would like to defer examination of this matter till the receipt of further information.

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## VII

### GENERAL

30. The Committee have come across a number of cases where the machinery and equipment purchased by the Corporation at a heavy cost were subsequently found unsuitable when put to use, and had to be declared surplus long before completion of their normal life. The Corporation also suffered heavy losses in the disposal of such items of machinery and equipment. The Chief Engineer (Civil) stated that with the setting up of a standardisation committee by Government the possibility of acquiring unsuitable equipment had been eliminated to a large extent.

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

31. In para 31 of their 5th Report (1962-63), the Committee had referred to the unsatisfactory working of the Corporation and continuing differences between the participating Governments in regard to the legal interpretation of the D.V.C. Act. The Committee had expressed the view that time had come to make an overall assessment of the working of the Corporation and also to examine what amendments, if any, in the D.V.C. Act were called for to achieve the objectives for which the Corporation was set up.

The Ministry of Irrigation and Power have stated in their reply\*\* to the recommendation of the Committee that the question of re-organising the D.V.C. is under consideration in consultation with the participating Governments. Necessary action for consequential amendments to the D.V.C. Act, if any, will be taken up after the main question of re-organisation has been settled. The Committee

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\*The following losses are referred to in Chapter III.

(i) Avelling Barford Dumpers	Rs. 1.77 lakhs	
(ii) Hanomagtractors (Cf. para 16 of 5th Report, 1962-63).	Rs. 1.84 "	
(iii) Hanomagtractor Engine and spares	Rs. 0.42 "	
(iv) Hydraulic Crank Press	Rs. 0.20 "	
	<hr/>	
	Rs 4.23 lakhs	(This is the cost of the Press which has never put to any use and is awaiting disposal).

\*\*S. No. 31 of the statement showing action on the outstanding recommendation—Appendix I of Part III (not printed).

also note that the award of the arbitrator in regard to the allocation of expenditure under Section 32 of the D.V.C. Act has also drawn attention to the necessity for amending the provisions of the D.V.C. Act, having regard to the new problems which have arisen since the legislation was enacted nearly 15 years ago. The Committee trust that vigorous steps will be taken to settle the outstanding differences between the participating Governments and to re-organise the Corporation, by suitably amending the Act where necessary.

NEW DELHI;

*The 12th September, 1963.*

*Bhadra 21, 1885 (Saka).*

MAHAVIR TYAGI,

*Chairman,*

*Public Accounts Committee.*

## APPENDIX I

(See Para 28)

*Memorandum for the Public Accounts Committee furnished by the Comptroller and Auditor General of India*

*Acquisition of lands for Damodar Valley Corporation Projects—Shortcomings in the maintenance of land registers—Para 19 of the Fifth Report of the P.A.C. (Third Lok Sabha)*

The failure to maintain proper Land Registers by the Damodar Valley Corporation was pointed out in paragraph 3 of the Audit Report on the accounts for the year 1960-61. In his evidence before the Public Accounts Committee on the 4th September, 1962, the General Manager of the Corporation stated that the Land Registers were, by and large, complete and furnished all the material particulars. The Public Accounts Committee desired the Comptroller and Auditor General to re-examine the position in this regard and bring the matter to the notice of the Committee through his next Audit Report.

The present position (April, 1963) as ascertained by an examination by Audit of the Land Registers is indicated below. (The results of the examination could not be included in the Audit Report on the accounts of the Corporation for 1961-62 as the points were still under discussion with the Corporation when the Audit Report was finalised).

Points noticed in audit	Remarks
<b>I. Lands acquired in Bihar</b>	
(i) Particulars of the relevant conveyance deeds were not recorded in any case. The deeds were not also available for verification.	The Corporation has stated as follows:—  “The particulars of conveyance deeds could not be noted as the deeds have not been executed so far. There has been a lot of correspondence in the meantime with the Government of Bihar regarding registration fees and stamp duty payable on the deeds of conveyance. The issue has only been recently settled. Registration of the deeds will commence presently and the particulars

Points noticed in audit	Remarks
	will be noted as and when they are registered. The registers should not be termed 'incomplete' if they do not record stages which have yet to be completed. Execution of the conveyance deeds was delayed for reasons beyond the Corporation's control."
	Although the question of registration fees and stamp duty payable by the Corporation to the Government of Bihar was settled in December, 1961 and the Corporation accepted the State Government's view that the stamp duty and land registration fees were payable by the Corporation, no draft of the deeds has been prepared, as it has been stated that the form thereof is still to be approved finally by the Corporation.
	Certified copies of land plans, which have to accompany the conveyance deeds, have been obtained from the Land Acquisition authorities only in 240 cases out of 843.
	The Corporation has to execute as many as 843 conveyance deeds, an year-wise analysis of which is given below :—
<i>Year of Award</i>	<i>No. of cases</i>
1949-50 . . . .	7
1950-51 . . . .	37
1951-52 . . . .	13
1952-53 . . . .	57
1953-54 . . . .	86
1954-55 . . . .	85
1955-56 . . . .	64
1956-57 . . . .	104
1957-58 . . . .	103
1958-59 . . . .	71
1959-60 . . . .	70
1960-61 . . . .	21
1961-62 . . . .	40
1962-63 . . . .	3
Dates of awards not available .	82

Points noticed in audit	Remarks
(ii) Particulars like date of handing over possession of land to Damodar Valley Corporation, 'details of acquisition', 'estimate', 'award' were not recorded in the Registers in many cases.	The Corporation has stated that the omissions are being supplied by collecting the requisite information.
(iii) The amount refundable to the Corporation against the deposit made by it has not been ascertained even for a single project. The relevant columns are still incomplete.	<p>The Corporation has stated as follows :—</p> <p>“ Authentic information about amounts refundable could only be furnished by the Land Acquisition Officers concerned. Informal collection of information by Corporation's officers from the different Land Acquisition Offices indicates that the total amount refundable by the Government of Bihar will be of the order of Rs. 29 lakhs. This is, however, subject to official confirmation from the Land Acquisition Officers. The Land Acquisition Officers are the officers of the State Government and are, therefore, not under the control of the Damodar Valley Corporation. The Corporation cannot, therefore, compel these officers, who are exercising statutory powers, to furnish information to them in time.”</p> <p>As the projects are executed by the Corporation no funds borrowed from the participating Governments, delay in refund of the amount involved, which as stated above is of the order of Rs. 29 lakhs, has entailed loss on the Corporation by way of interest.</p>
<b>II. Lands acquired in West Bengal.</b>	
(i) Particulars like date of taking over the land, area of land, details of requisition case, have not been entered in many cases in the prescribed Registers.	The Corporation is taking action to rectify the defects.
(ii) Many entries in the Registers, including cancellations, remain unauthenticated.	The prescribed forms of Registers are indicated in Annexure I, for cases under Act I of 1894 and in Annexure II for cases under Act II of 1948. In actual practice, 3 out of 4 Registers in Annexure I were



Points noticed in audit	Remarks
	<p>kept in a form amplified as indicated in Annexure III by adding three columns, viz.</p> <ol style="list-style-type: none"> <li>1. area included in the estimate,</li> <li>2. area actually taken possession of, and</li> <li>3. area included in the award.</li> </ol> <p>These forms provide for attestation once in column 7 after the specifications of the land and the requisitions are made out ; the final attestation is made in column 17 (Annexure I) (which is numbered column 20 in the amplified form Annexure III) and column 13 of Annexure II, after the awards have been made.</p> <p>The position is that while entries in column 7 have been attested in a large number of cases, the attestations are not complete. There are few attestations in the column meant for attestation on the completion of the proceedings.</p> <p>According to the Corporation :—</p> <ol style="list-style-type: none"> <li>(i) The attestation in column 7 in practice covers the attestation of entries in some of the columns beyond 7 also while the final attestation is to be made only after completion of the proceedings. In regard to the remaining columns, the entries are to be attested as soon as transfer deeds are executed, which marks the finalisation of the proceedings.</li> <li>(ii) They have also stated that <i>prima facie</i> a signature in column 7 can hardly be supposed to attest entries upto column 14 (Annexure III) or column 11 (Annexure II) but in actual practice as the signature is not put until estimates have been approved, a few entries following column 7 are also <i>de-facto</i> covered when it is made.</li> <li>(iii) As Damodar Valley Corporation land acquisition proceedings are not really concluded until title has been transferred to the Damodar Valley Corporation by execution</li> </ol>

Points noticed in audit	Remarks
•	<p>of transfer deeds by the State Government concerned, there is merit in doing the authentication after all proceedings have been completed, and that this is contemplated by the heading of column 20 of the form in Annexure III which states in terms "on completion of the proceedings".</p>
	<p>The Corporation's explanation seems to assume that the delay in execution of transfer deeds is a valid reason for delay in the completion of the other columns of the forms referred to.</p>

# ANNEXURE I

Sl. No.	Particulars of case	Area	Purpose for which land required	Date by which session wanted by Re-quiring Deptt.	Date of requisition by B&I or DVC Re-quiring Deptt. & letter No. to spl. LAO	Initials of Deputy Secretary	Land acquisition case No.	Notification No. & Date with reference to Cal. Gazette
								u/s 4    u/s 6
1	2	3	4	5	6	7	8	9    10

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Estimate		Award		Initials of Deputy Secretary on completion of proceedings		Remarks
Date of receipt	Amount	Date and letter of approval	Date of handing over possession of land to DVC	Date of making of award	Amount	
11	12	13	14	15	16	17    18

ANNEXURE II  
For Lands dealt with under Act II of 1948 in West Bengal

Sl. No.	Particulars of case	Area	Purpose for which required	Date & No of requisition by the requiring body	Date by which possession required	Initials of Assistant Secretary	Date of delivery of possession and Requisition Case No.	Date	Area	Case No.
1	2	3	4	5	6	7	8			

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Acquisition case No.	Date of publication of notice u/s 4 in official gazette	Estimate		Award			Initials of Asstt. Secretary	Remarks
		Date of receipt with date and No. of LAO's letter	Amount	Date & No. of letter of approval	Date of making award	Area		
9	10		11	12	13	14		

# ANNEXURE III

Sl. No.	Particulars of case	Area	Purpose for which land required	Date by which possession wanted by Department	Date of requisition by B & I or DVC requiring Department & letter No. to spl. LAC	Initials of Asstt. Secretary	Land acquisition case No.	Notification No & date with reference to Cal. Gazette
								u/s 4      u/s 6
1	2	3	4	5	6	7	8	9      10

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Date of receipt	Estimates		Date of handing over possession of land to DVC		Award		Initials of Assistant Secretary on Completion of Proceedings		Remarks
	Amount	Area	Date and letter of approval	Area made over to the Corporation	Date of making award	Amount	Area covered by the award U/S 11		
11	12	13	14	15	16	17	18	19	20      21

## APPENDIX II

### *Summary of Principal Conclusions/Recommendations*

Sl. No.	Para No.	Ministry/ Department concerned	Conclusions/Recommendations
1	2	3	4
1	3	I&P DVC	The imperative need for an expeditious settlement of the question of allocation of expenditure under Sections 32-34 of the D. V. C. Act, has been emphasised by the successive Public Accounts Committees in the past. The Committee understand that the arbitration proceedings under Section 33 of the D. V. C. Act regarding allocation of the cost of dams to main objects, on which is also dependent allocation of common expenditure under Section 32, have been recently finalised and the award given. The Committee trust that early action will now be taken to readjust the expenditure as between different objects and as between the participating Governments.
2	4	„	(i) While the Committee are glad to note that the Government of West Bengal have agreed to pay a sum of Rs. 60 lakhs on a provisional basis in respect of the Corporations, post 1958 claims of Rs. 1.44 crores (out of which a sum of Rs. 40 lakhs has already been paid and the balance would be paid during 1963-64), they regret that the stalemate (which was caused by the undue delay in working out agreed figures for the acreage under irrigation and by disagreement in regard to rates of charge) between the Corporation and the State Government has not yet been resolved. The Committee have in the past emphasised that, whatever the constitutional position, a satisfactory solution to the question can be arrived at on practical considerations. They trust that the parties will appreciate this and come to a final settlement in regard to both pre-1958 and post-1958 claims at an early date.

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

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I&amp;P

DVC

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

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

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5	7	I & P D.V.C.	The Committee have in their previous Report expressed their concern over the inordinate delay in commissioning the three Power Units. They would like to be informed about the amount of penalty for this delay leviable under the contract and realised from M/s MAN. They also desire that the acceptance tests in respect of the three units should be completed early and the Committee informed about the results. They trust that in case of the suppliers' failure to fulfil the performance Guarantees, necessary action will be taken by the Corporation to enforce the other penalty admissible under the agreement.
6	8	"	<p>(i) The Committee have in their previous Reports expressed their concern over the continued shortfalls in the utilisation of the DVC's irrigation potential, which not only jeopardise the financial interests of the Corporation but also undermine one of the avowed objects of the setting up of the Corporation. The Committee are perturbed at the inordinate delay that has occurred in taking up the execution of water courses and field channels, considering that the barrage was opened as early as in 1955. In the wake of uncertainty attending the transfer of the canal system to the West Bengal Government, the Corporation could have taken up the execution of water courses much earlier, pending the actual transfer. The Committee trust that vigorous efforts will be made to accelerate the excavation of water courses and field channels in close coordination with the State Government. In this connection, the Committee would also like the DVC to examine whether any reduction in the rates would yield more revenue.</p> <p>(ii) The Committee also feel concerned at the reduction of targets for kharif and rabi irrigation to 8.73 lakh acres and 55,000 acres respectively (from the original 10.26 lakh acres and 3 lakh acres respectively). At one time the Corporation had suggested the construction of another dam to meet both irrigation and</p>



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navigation requirements, but with the reduction of rabi irrigation to 55,000 acres, the water problem is stated to have been solved for all practical purposes. While the Committee appreciate that the reduction of irrigation targets may be justified for the present in the wake of the requirement of water for industrial and navigation purposes and less demand by cultivators for rabi irrigation, they feel that in the larger interest of increasing agricultural production and promoting welfare of people in the area, due attention should be paid to the future irrigation requirements. The Committee, therefore, suggests that the question of providing additional water for irrigation should be kept under constant review.

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DVC

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

(ii) The Committee feel concerned at the delay in establishing the causes of the collapse of the bridge, which took place in September, 1959. They trust that the finalisation of the findings of the Expert Committee will not be further delayed. They would like to know the action taken to fix the responsibility for the collapse of the bridge on the basis of the findings of the Expert Committee and the remedial measures applied to other similar structures.

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I &amp; P

DVC

The Committee regret to observe that no serious attention was paid till January 1962 to the bad state of store accounts prevailing in Chandrapura Thermal Station, ever since its formation in April, 1959. The Committee would like to know the final outcome of the

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departmental proceedings against the Assistant Equipment Officer who was responsible for mismanagement of Stores. They could not understand why the physical verification of existing stores could not be done in March, 1960 even when the accounts were in arrears. Had the supervisory officers been alert they would not have waited to put the matters right until the Corporation ordered investigation on receipt of intimation from Audit in September, 1960 that the stores accounts were not being maintained. Even thereafter it took almost two years to complete the investigations. The Committee feel therefore that the responsibility of the Supervisor Officers should also be fixed. The Committee trust that necessary remedial measures will be taken to ensure proper maintenance of store accounts in future and to avoid recurrence of such irregularities.

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I &amp; P

DVC

While the Committee appreciate the action of the Corporation to retain certain stores and spares for use in the Tenughat Project in order to save foreign exchange, they trust that such of the items as have no reasonable chance of being used in other projects will be disposed of expeditiously. The delay in disposal will not only block much needed storage accommodation but result in the deterioration of stores which will affect their sale price.

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

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

1	2	3	4
			(iii) The Committee are not happy over the disposal of the main equipment and spares separately in both the cases (dumpers and tractors) ; for in their opinion sale in one lot (both equipment and spares) might have brought in better price.
11	13	Do.	The Committee are unhappy at the casual manner in which the matter has been dealt with and the leisurely way in which the disposal of the Hydraulic Crank Press (costing Rs. 20,000) purchased in 1953 had been processed during the last 10 years. The loss of a box of spare parts (valuing Rs. 7,330) has also disturbed them. The Committee trust that the equipment will now be disposed of without much further delay.
			It is not understood why no responsibility could be fixed, when it has been admitted that a detailed inspection of the machinery was not carried out before its purchase and due attention was not paid to the disposal of machinery. The Committee consider that the matter should have been investigated and responsibility fixed at a much earlier stage. The failure on the part of the Engineer should have been reported to the Rourkela Project authorities under whom he is now working. The Committee trust that necessary action will be taken now without further delay and the Committee apprised of the action taken.
12	14	I & P DVC	(i) The fact that the new bridge completely collapsed in the floods, while the old district board bridge withstood the floods and continues to be used, raises some doubt in the mind of the Committee about the genuineness of the Executive Engineer's Report on the condition of the old bridge and the need for a new bridge. It is not clear to the Committee whether this Report was verified before sanctioning the construction of a new bridge. The Committee had desired a note in this behalf from the Ministry, which is still awaited. They suggest that this aspect should be thoroughly investigated and responsibility fixed.

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

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

13 15 I & P  
DVC

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

- (ii) The Committee feel concerned over the non-utilisation of gas by the Power Station resulting in a considerable loss (Rs. 2,750 per day according to the Steel Plant authorities which comes to about Rs. 10 lakhs per annum). The Committee hope that, in accordance with the assurance given to them during evidence, the Corporation would be

1	2	3	4
			in a position to adjust their Power Plant to utilise both coal and gas by October, 1963. They also desire that charges payable for supply of gas should be finalised early.
14	16	I & P DVC	The Committee feel that the expenditure incurred on investigation (Rs. 5.38 lakhs) in regard to the under-ground power scheme at Konar, which has become infructuous, was very much on the high side. They suggest that it should be examined for future guidance whether investigations on such a scale were really necessary in deciding the feasibility or otherwise of a scheme.
15	17	Do.	The Committee are not happy over the delay of more than 6 years (after 1956) in reaching a final settlement with the contractors in regard to the normal dewatering charges. It is not clear to the Committee why the normal de-watering charges calculated at the rate of Rs. 3.50 per cusec hour as agreed to by the contractors were revised in the two cases referred to in the Audit para in May, 1961 and July, 1961 respectively. There has also been undue delay in deciding to appoint an arbitrator.
			In para 66 of their 39th Report (Second Lok sabha) the Committee had emphasised the need for expeditious settlement of contractors' bills. The Committee desire that the outstanding issues in the present case should be settled expeditiously, and the arbitration proceedings speeded up. The Committee would also like to be informed of the final amount realised as normal de-watering charges.
16	18	I & P DVC	(i) From the facts stated in para 18 of the Report, the Committee find it difficult to accept the Corporation's contention that all the defects pointed out in the inspection reports had been rectified by the contractor, before the issue of the completion certificate and making of the final payment. It is also not clear why final payment to the contractor was delayed till July, 1960, if the work was completed in all respects in February, 1958. In view of the fact tha

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there was a controversy between the contractor and the Engineers over the very existence of the defects and the Executive Engineer had twice issued instructions (on 10-5-57 and 24-7-57) to withhold payments for defective items, the Committee are at a loss to understand why the rectification action, if any, taken in this regard was not recorded. As regards the visual inspection of the structure recently conducted by the Chief Engineer, the Committee doubt whether such an inspection (five years after the completion of the work) with water running in the canal could have disclosed any inner defects in the work. The Secretary, Ministry of Irrigation and Power suggested that an enquiry could be made to ascertain whether the defects reported were genuine and if so, whether they were really rectified by the contractor before the issue of the completion certificate. The Committee desire that a proper and thorough enquiry should be made into the whole matter.

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

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I &amp; P

DVC

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

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

1	2	3	4
18	20	I & P DVC	<p>(i) In para 20 of their 5th Report (Third Lok Sabha), the Committee had disapproved of delays in settlement of Audit Objections and desired that determined effort should be made by the Corporation to ensure their speedy disposal. The Committee regret to observe that the position is not yet satisfactory. They desire that more vigorous steps should be taken by the Corporation in this direction.</p> <p>(ii) The Committee desired to be furnished with a note stating the break-up of the amount (Rs. 405.93 lakhs) held under objection for want of detailed estimates, under categories, purchases, consultancy fees, works etc. and the number of items under each category, with reasons for non-preparation of detailed estimates and the present position regarding adjustment of expenditure. The Committee regret that the information is not yet received.</p> <p>The Committee would like to be informed about the outcome of the proposal to revise the present procedure, dispensing with the formality of preparing detailed estimate in respect of purchase of equipment, consultancy fees etc. They trust that detailed estimates will invariably be prepared in respect of civil and other works.</p> <p>(iii) The Committee trust that delay in regularisation of excesses will be avoided in future.</p> <p>(iv) The Committee desire that action to settle the outstanding objections relating to 'apparently avoidable expenditure' should be expedited.</p> <p>(v) The Committee desire that the question of simplification of the forms for maintenance of material-at-site accounts should be decided in consultation with Audit at an early date.</p> <p>(vi) The Committee trust that the question of fixing responsibility for the losses due to non-realisation of recoverable amounts referred to in para 2b(e) of the Report will also be considered by the Corporation.</p>

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19	21	I & P DVC		The Committee feel concerned at the delay in obtaining the customary acknowledgements of balances outstanding with the employees. They are glad to be assured that this will be avoided in future.
20	22	Do.		(i) The Committee regret to observe that the Fishery Scheme which was started ten years back has not yet yielded satisfactory results. The Committee find little justification for the Corporation continuing to run the fisheries when it has to attend to more important functions and it cannot effectively deal with the problem of poaching. They, therefore, suggest that the question of transferring the fisheries to the respective State Governments on royalty basis should be examined. (ii) The Committee trust that an early decision will be taken on the report of the firm of Chartered Accountants regarding the principles and pattern of the revenue accounts of the Corporation which according to the D.V.C. Act are to be introduced from 1963-64.
21	23	I & P DVC		The Committee had desired to be furnished with a note stating the specific difficulties standing in the way of a settlement with the Government of Bihar regarding the valuation and transfer of the reclaimed land at Maithon and whether the question of referring the matter to arbitration or the Government of India had been considered. The Committee desire that the information should be furnished to them as early as possible. They would defer consideration of the matter till the examination of the next year's Audit Report.
22	24	I & P DVC		Referring to an amount of Rs. 1.81 crores outstanding as on 31st March, 1962 under 'sundry debtors for current supplied', the Committee desired to be furnished with information on the following points : (i) what were the reasons for such a large outstanding as on 31-3-1962 ? What was the outstanding against Government departments/private parties ?



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(ii) What was the amount, if any, which remained outstanding for more than two years and how far had recoveries since been made ?

(iii) What was the position of outstanding recoveries as on 31-3-1963 ?

The information is still awaited.

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

23	25	<u>I &amp; P</u> DVC	The Committee desire that action to revise the procedure, regarding adjustment of inter-departmental transactions in order to avoid heavy outstandings at the end of the financial year, should be expedited.
24	26	<u>I&amp;P</u> <u>Home Affairs</u> DVC	The Committee note that in the cases referred to in para 26 of the Report the replies furnished by the Ministries/D.V.C. are of an interim nature. They will therefore await a further report thereon.
25	27	<u>I &amp; P</u> DVC	The Committee feel that, learning from the failures of M/S MAN in regard to the commissioning of the two power generating units at Durgapur and a 4th unit at Bokaro, the Corporation should examine the existing procedure of scrutinising tenders so as to make it obligatory to refer acceptable tenders in regard to purchase of complicated machinery to the Consulting Engineers with a view to having the benefit of their expertise.

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26	28	Do.	The Committee feel concerned at the delay in the settlement of the amounts refundable to the Corporation by the Bihar Government from the advance deposits made to the Land Acquisition Officers during the period 1949-50 to 1960-61 in respect of lands acquired in the State. They desire that vigorous efforts should be made by the Corporation to execute conveyance deeds in respect of the lands acquired in Bihar and to pursue the question of refunds.
27	29	<u>I &amp; P</u> DVC	The Committee would like to defer examination of the question of introduction of concurrent internal checks for works till the receipt of further information promised by the Ministry of Irrigation and Power.
28	30	Do.	The Committee feel concerned over the heavy losses incurred by the Corporation in the purchase of unsuitable machinery and equipment. They desire that the present procedure in regard to the purchase and disposal of machinery and equipment should be streamlined with a view to avoid any pitfalls in future.
29	31	Do.	The Committee trust that vigorous steps will be taken to settle the outstanding differences between the participating Governments and to reorganise the Corporation, by suitably amending the Act where necessary.