

CALCUTTA PORT TRUST

MINISTRY OF SURFACE TRANSPORT

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**PUBLIC ACCOUNTS
COMMITTEE
1992-93**

TENTH LOK SABHA



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

THIRTY-FIFTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1992-93)

(TENTH LOK SABHA)

CALCUTTA PORT TRUST
MINISTRY OF SURFACE TRANSPORT

*Action taken on 157th Report of the
Public Accounts Committee (8th Lok Sabha)*



Presented to Lok Sabha on 20 August 1992
Laid in Rajya Sabha on 20 August 1992

LOK SABHA SECRETARIAT
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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations and Observations which have been accepted by Government	8
CHAPTER III Recommendations and Observations which the Committee do not desire to pursue in the light of the replies received from Government	29
CHAPTER IV Recommendations and Observations re- plies to which have not been accepted by the Committee and which require reitera- tion	31
CHAPTER V Recommendations and Observations in re- spect of which Government have furnished interim replies	35
PART II Minutes of the sitting of Public Accounts Committee (1992-93) held on 18 August 1992	36
APPENDIX	
I Conclusions and Recommendations	38

PUBLIC ACCOUNTS COMMITTEE
(1992-93)

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4. Shri K.C. Shekhar—*Under Secretary*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Thirty-fifth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Hundred and Fifty-seventh Report (Eighth Lok Sabha) on Calcutta Port Trust.

2. In their earlier report the Committee had noted that based on the recommendations of the Study Team (Bhatia Committee) constituted by the Planning Commission in September, 1964, steps were taken to provide a separate Dock Complex at Haldia for handling salt and sulphur in 1976. However, subsequently the Ministry realised lack of salt traffic by sea. In the above context, the Committee in their earlier report had recommended review of the policy of allowing the railways to carry salt traffic at highly concessional tariff but denying the facility of similar concession by sea including charges levied by the Port Trust. According to the Ministry the total cost of movement of salt has always been costlier than the rail freight in view of the additional charges to be incurred by the trade in terms of port charges, stevedoring and transport to and from the port. Unless subsidy was given it would not be economical to move the salt by sea and the movement of salt by rail-cum-sea route was not attractive due to certain inherent dis-economies involved in the System. The Committee have held the view that as a separate Dock Complex at Haldia for handling salt has been set up at enormous investment, they reiterate their earlier recommendation and recommend that the encouragement of transport of salt by sea needs to be thoroughly examined in consultation with the Planning Commission, concerned Chamber of Commerce, etc., and necessary follow up action taken.

3. The Committee have noted with concern that the position about the recovery of outstanding amount of demurrage charges billed by the Port Trust on its clients, is still not satisfactory as an amount of Rs. 37.51 lakhs has been stated to be outstanding as on 21.3.1992. Of this an amount of Rs. 27.05 lakhs relate to the Government parties and the balance of Rs. 10.46 lakhs to the private parties. According to the action taken notes, serious difficulty is being faced in recovering the amounts due from Defence Units and organisations like Food Corporation of India. The Committee have recommended that an inter-ministerial coordination mechanism at Secretary level be evolved to ensure that port dues are paid in time by all public sector undertakings and Government Departments. The Committee have also emphasized that concerted efforts should also be made to effect the recoveries from the private parties.

4. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 18th August, 1992. Minutes of the sitting form Part II of the Report.

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

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

NEW DELHI;
August 18, 1992

Sravana 27, 1914 (Saka)

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee.

CHAPTER 1

REPORT

1.1 This Report of the Committee deals with the action taken by Government on Committee's recommendations and observations contained in their 157th Report (8th Lok Sabha) on paragraphs 14 to 18 and 20 of Report No. 9 of the Comptroller and Auditor General of India for the year ended 31st March 1987, Union Government (Other autonomous bodies) relating to Calcutta Port Trust.

1.2 The 157th Report which was presented to Lok Sabha on 21 April, 1989 contained 18 recommendations. Action Taken Notes have been received in respect of all the recommendations and these have been broadly categorised as follows:

- (i) Recommendations and observations which have been accepted by Government:

Sl. Nos. 2, 3 (para 14), 4, 5, 6, 8, 9, 10, 12, 13, 14, 15, 16, 17 and 18.

- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government:

S.No. 7

- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:

S. Nos. 1 and 11

- (iv) Recommendations and observations in respect of which Government have furnished interim replies:

S. Nos. 3 (Para 13)

1.3 The Committee will now deal with the action taken by Government on some of their recommendations.

Fall in Salt Traffic by sea

(Sl. No. 1 Para 1)

1.4 Taking note of the fact that traffic of salt by rail is being subsidised whereas no subsidy is extended to traffic of salt by sea, as a result of which

the traffic by sea has dwindled substantially, the Committee in Para 11 of their 157th Report had recommended as follows:

“The Committee note that a study team envisaged in 1965 substantial increase in sea traffic of salt from the then existing level of 50% of total traffic in the region as transport of salt by sea was expected to be cheaper than rail transport with reference to the relative costs of operations. The then policy of Government was also stated to be to augment salt traffic by sea and to discourage it by rail. In the circumstances the study team recommended a salt jetty with facilities for bulk handling of salt at Haldia Port the jetty was also expected to handle entire traffic of sulphur in bulk. The Committee have also been informed that by 1971 due to substantial hike in oil prices, the cost of operations of salt by sea became costly whereas due to a policy decision, the freight by Railways for salt has been placed at the lowest classification for freight charges; as a result transport of salt by sea became more and more uneconomical as compared to transport by rail with the result that transport by sea started dwindling and is now reported to be almost nil even at Calcutta as against 50% of total salt traffic having been effected by sea in the 1960's. The Committee are unable to understand why Government have not considered it necessary to arrange to maintain a comparably lower freight rate for transport of salt by sea by arranging carriage by Government owned shipping companies or suitable arrangement of subsidies of carried by private carriers by sea including concession to the Port Trusts in determination of the port rates for salt traffic. The Committee recommend that the present policy of allowing the Railways to carry salt traffic at highly concessional tariff obviously involving a large amount of international subsidy but denying the facility of similar concessional carriage by sea including charges levied by the Port Trust may be reviewed and the Committee may be apprised of results of the review.”

1.5 In their Action Taken note the Ministry of Surface Transport have stated as under:

“The recommendation has been examined in consultation with the Railway Board, DG Shipping and the Department of Industrial Development. The Railway Board had stated that commodities carried by rail are assigned a classification in the Railway Freight Structure depending on the transportation characteristics, the cost of carriage, etc. However, the Railways, taking into account the needs of the common man have been carrying a number of commodities like salt for edible use, foodgrains, fodder, fruit and vegetables, timber, firewood and charcoal, sugarcane, bamboo, oil seeds (others), livestock, Cotton Raw unpressed, Bones Salt for Chemical Industries. Bidi leaves etc. at rates which do not cover the cost of operation. Some coaching services are also priced at a level below the

cost of operations. Thus, it would be observed, as a part of social obligation, the Railways are carrying a number of commodities below cost apart from salt from edible use. However, it would not be correct to say that the freight rate for salt has been static as changes made from time to time have resulted in upward revision of the freight rates for salt also, apart from other commodities.

The Salt Commissioner informed that the High Level Salt Enquiry Committee set up by the Government recommended that the payments for freight subsidy should be made out of salt cess fund or funds such as the coal surcharge. He further stated that as resources of salt cess proceeds available with Salt Department are meagre, outlay for the payment of transportation subsidy, if again introduced to encourage shipments of salt to Calcutta has to come from other sources. He has requested this Ministry to consider this aspect with a view to help the shipping industry.

The DG Shipping in their comments have stated that the total cost of movement of salt by sea was always costlier than the rail freight in view of additional charges to be incurred by the trade in terms of Port charges, stevedoring and transport to and from the port. The D.G. Shipping is of the view that unless the subsidy is given, it will not be economical to move the salt by sea.

This Ministry had earlier considered the entire matter and it was decided at the level of Coordination Committee of Ministers for Transport to reduce Port charges both at Tuticorin and Calcutta, so as to bring down the cost of sea transport to the level of rail transport, in order to make the salt movement by sea viable. Accordingly, the Tuticorin Port Trust had reduced the wharfage charges by Rs. 5.20 for handling Zone A and Rs. 2.60 in Zone B. Tuticorin Stevedores Association also reduced levy by Rs. 9.25, thus bring the total reduction to Rs. 14.45 per tonne w.e.f. 1.5.87. Similarly, the Calcutta Dock Labour Board also reduced their stevedoring levies in order to reduce the cost by Rs. 15 per tonne from 15.4.1987. Thus the total reduction of about Rs. 30 per tonne was brought about both at Calcutta and Tuticorin. In spite of these concessions, the salt traffic could not pick up because the shippers found it more attractive to move salt by rail in view of door to door service and easy availability of rail wagons at the load Ports. Moreover, as the Calcutta Port was closed for coal traffic w.e.f. 1.7.1987, the intended purpose of attracting salt for movement by sea by colliers returning from Tuticorin to Calcutta after delivering the industrial coal was not achieved. Besides, the shippers do not prefer the movement of salt by rail-cum-sea route partly due to the fact that bulk carriers presently carrying coal for thermal power stations etc. cannot afford to wait whilst salt is loaded slowly.

In the light of above position, this Ministry is of the opinion that the movement of salt by rail-cum-sea route is not attractive due to certain inherent diseconomies involved in the system and it would not be financially viable to revive this mode of transport by giving subsidies etc."

1.6 The Committee note that the development of traffic of salt by sea was recommended by a study team (Bhatia Committee) constituted by the Planning Commission in September 1964 and that having accepted the recommendations of this Committee, steps were taken to provide a separate dock complex at Haldia for handling salt and sulphur in 1976. However, there is practically no salt traffic at present. The Committee, however, find from the reply given that the present stand of the Government is the same as was given when the Committee examined the matter. The Ministry, however, has failed to take note that these factors were well within the knowledge of the Study Team constituted by the Planning Commission which recommended traffic of salt by sea. It is also noticed that the Planning Commission does not seem to have been consulted at any stage after the initial clearance for the scheme was obtained. Having set up a separate dock complex at Haldia for handling salt at enormous investment, it is incumbent on the Ministry to ensure that the facilities are utilised to the maximum and for the same, all means including grant of subsidy should be taken by Government. In the circumstances the Committee do not accept the stand taken by the Ministry of Surface Transport in their Action taken note and reiterate their earlier recommendation. The Committee also recommend that the matter relating to encouragement to transport of salt by sea needs to be thoroughly examined in consultation with the Planning Commission, concerned Chambers of Commerce etc. and necessary follow-up action taken.

Non-recovery of dues
(S.No. 3, Para 13)

1.7 An unloader crane costing Rs. 21.99 lakhs bought from one Braithwaite & Co. fell into the sea during a cyclonic storm in April 1978. The sunken crane which created navigational hazard remained in sea till May 1980 and was removed at a cost of Rs. 28.15 lakhs by Dredging Corporation of India. A total of Rs. 50.14 lakhs inclusive of the cost of the crane and the cost involved in dredging operation was recoverable from the Company. Taking note of the delay in recovery of the amount which was attributed to cash flow constraints, the Committee in Para 13 of their 157th Report had recommended as follows:—

"The Committee also note that an arbitration award amounting to Rs. 50.15 lakhs is overdue for recovery by the Port Trust from Public Sector Undertaking since the last 8 years and the delay in recovery has been attributed to the cash flow constraints of the undertaking. It is desirable that the matter should be finalised expeditiously at an appropriately higher level to get the amount of claim recovered from

the undertaking. The Committee would like to be apprised of the results."

1.8 In their action taken reply the Ministry of Surface Transport have stated as under:

"The matter relating to outstanding dues of M/s. Braithwaite Company was taken up with the Department of Public Enterprises, Ministry of Industry. An Inter-Ministerial meeting was convened by the Ministry of Industry on 13.6.1989 in which the representatives of the Ministry of Surface Transport and M/s. Braithwaite Company were also present. It was explained by the representative of the Company that due to financial difficulty, Company was not in position to clear its liability immediately. The Company had paid an amount of Rs. 27.08 lakhs. For payment of the balance amount, the matter is being pursued."

1.9 The Committee are unhappy to note that out of the arbitration award amounting to Rs. 50.15 lakhs, it has so far been possible to recover only an amount of Rs. 27.08 lakhs from the Public Sector Undertaking. Due to financial difficulty, the company is stated to have not been in a position to clear its liability. The Committee reiterate that the matter relating to the recovery of the outstanding amount of Rs. 23.07 lakhs which has already been inordinately delayed should be pursued more vigorously at an appropriately higher level.

Demurrage charges

(Sl. No. 11, Para 43)

1.10 Taking note of the amount of demurrage charges outstanding from certain Government Departments and private parties, the Committee in Para 43 of their 157th Report had recommended as follows:—

"The Committee also note that amounts due for recovery from Government Departments and private parties stood at Rs. 66.22 lakhs and Rs. 13.21 lakhs respectively as on 31.12.1988. The Committee cannot comprehend the logic behind the port trust allowing credit facilities for long periods because in respect of such transactions the proper course would be for the concerned parties to keep adequate deposits with the Port Trusts for periodical replenishment and adjustment. The Committee recommend that the feasibility of collection of advance deposits may be explored by the Port Trust to safeguard its financial interest. They also note that there has been no upward revision of demurrage charges leviable by Calcutta Port Trust since May 1983 though the Railways keep on revising hire charges for wagons frequently. They are of the opinion that this aspect needs expeditious and rational consideration after inter-Ministry

consultations. The Committee would like to be apprised of further developments in this regard.”

1.11 In their action taken reply the Ministry has stated as under:

“There has been some improvement in settlement of old outstanding dues during the last five years. The position is summarised as below:

Dues as on	Total	Rs. in lakhs	
		Government	Private
31.3.87	64.20	25.68	38.52
21.3.92	37.51	27.05	10.46

“What of the outstanding dues recoverable from private parties have remained unsettled as the cases are sub judice. However, some such cases pending litigation are being settled out of court. As regards dues outstanding from Government parties, serious difficulty is faced in recovering the same from Defence Units and Organisations like Food Corporation of India. Continuous efforts are on to persuade them to settle the dues.

As per recommendations of PAC, a system of opening Floating Deposit A/c for debiting demurrage charges has been introduced. So far twelve parties have opened Floating Deposit A/c. As for parties which do not have regular Railway transaction, a system of pre-payment of estimated amount of demurrage charges has been introduced.

As regards the observation of the Committee regarding the need for upward revision of demurrage charges, matter was taken up with the Ministry of Railways. They have stated that the proposal of the Calcutta Port for enhancement of the demurrage rates to bring them at par with the rates in force on the Trunk Railways was sanctioned by the Ministry of Railways in 1981. Thereafter there has not been any revision of demurrage charges on the Trunk Railways also. Demurrage is basically a deterrent against undue detention of wagons by the parties and is not to be treated as a source of revenue. In view of the facts mentioned above it will be appreciated that unless there is any revision of demurrage charges on the Trunk Railways it may not be possible to revise the Railway demurrage charges on the Calcutta Port Railways. Calcutta Port Trust also feels that the present rate of demurrage is already on the highside as compared to the rate of wagon hire charges. An upward revision of demurrage as a measure to off-set the impact of the liability of wagon hire charge may not be the real solution and instead may have a repelling effect on the trade.”

1.12 The Committee are concerned to note that the position about the recovery of outstanding amount of demurrage charges billed by the Port Trust on its clients is still not satisfactory as an amount of Rs. 37.51 lakhs has been stated to be outstanding as on 21.3.1992 of this an amount of Rs. 27.05 lakhs relate to the Government parties and the balance of Rs. 10.46 lakhs to the private parties. According to the action taken notes, serious difficulty is being faced in recovering the amounts due from Defence units and organisations like Food Corporation of India. The Committee recommend that an inter-ministerial coordination mechanism at Secretary level be evolved to ensure that port dues are paid in time by all public sector undertakings and Government Departments. Concerted efforts should also be made to effect the recoveries from the private parties.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that though in 1965 the handling of salt traffic was economical by sea, due to increase in prices of Petroleum and coke in 1970-71, sea freight rates went up very substantially and it was clear to the Port authorities in 1971 that traffic by sea would no longer be economical. Disappointing in total disregard of the changed situation, no review of the continued feasibility of salt traffic was conducted. On the other hand in 1976 the Port authorities, with Government approval, sanctioned, provision of a bulk conveyour system of inger jetty for handling salt and sulphur and spent a sum of Rs. 124.38 lakhs. It is disquieting to note that when the work on conveyor system for salt and sulphur had already made substantial progress, the Ministry realised the lack of salt traffic at Haldia and constituted in July 1979 another Committee to review the use of the jetty. It was decided in 1980 to put the jetty to alternate use. This resulted in an investment of Rs. 41.55 lakhs out of total investment of Rs. 124.38 lakhs to be infructuous causing drain on the scarce resources of the Government. Even the estimated traffic projections of sulphur at the above port did not materialise. In the opinion of the Committee the above infructuous expenditure is clearly indicative of lack of foresight in the planning and execution of this project. Had there been an exercise to constantly monitor the effectiveness of the scheme particularly in view of the large time lag between the original decision and the actual sanction of the project, the above loss could have been easily avoided. At this stage the Committee can only express the hope that the Government would draw a lesson from this unhappy experience and would strengthen their planning, implementation and monitoring machinery to obviate recurrence of cases of this type in future. They would like to be apprised of appropriate remedial measures taken in this direction.

[Sl. No. 2: Appendix II Para 12 of the 157 Report of Public Account Committee
(8th Lok Sabha)]

Action Taken

The observations of the Committee have been noted. As regards the Committee's recommendation for strengthening the planning, implementation and monitoring machinery to obviate recurrence of cases of this type

in future, it may be stated that the procedures for sanction and monitoring of the plan schemes are being reviewed from time to time. The entire process of approval, monitoring and implementation of the plan projects both at the port level and at the Government's level have been streamlined so as to reduce the cost and time overruns and avoid infractions expenditure. The Port Trusts have also been delegated higher powers for the sanction of plan projects under the delegated powers issued by the Ministry. All the Ports have now been given powers to sanction projects costing upto Rs. 500 lakhs. Full powers have also been given to the Port Trust for award of contracts where investment decision has been communicated by the Government. All plan schemes which are beyond the delegated powers of the Port Trust Board, are referred to the Ministry for sanction. These proposals are analysed in the Ministry and if the estimated cost of the projects is beyond certain limits, they are referred to Expenditure Finance Committee and Public Investment Board after detailed appraisal by the Planning Commission, concerned Ministries and the Deptt. of Expenditure of Ministry of Finance. Therefore, it is felt that the institutional machinery for the scrutiny of the project is now adequate. The physical and financial progress of the selected projects are monitored by the Ministry on a regular basis. The Ministry of Programme Implementation also monitors projects costing more than Rs. 100 crores.

While formulating any project, Calcutta Port Trust undertakes exhaustive feasibility and viability studies. For the purpose in-house expertise and if necessary, services of outside consultants having proven experience in the related field are availed of. A full fledged Planning & Research Department was set up by Calcutta Port Trust in 1985. The department constantly monitors and analyses past and present traffic trend to arrive at realistic projection for the future based on which creation of future port facilities are planned. Liaison with the major users of port facilities are being constantly maintained to ascertain their plan of import/export and their requirement of port facilities. All these are intended to preclude the possibility of wrongly planned port facilities and consequential infructuous expenditure. For execution and control of important projects of Haldia, a group of officials is normally formed. Progress is also monitored at the highest level.

[Ministry of Surface Transport, Office Memorandum No. Pr-19017/1/92-Pg dated 1.4.1992].

Recommendation

The Committee also note with dismay that as a result dispute between the Port Trust and the contractor regarding removal of the crane, traffic

hazard at the jetty was allowed to continue for about 2 years. Since both the parties were under the control of the Government it should have been possible to resolve the unusual stalemate swiftly. The Committee recommend that in future such inter-Ministry disputes particularly those having wider ramifications should be resolved with due promptitude.

[Sl. No. 3; Appendix II Para 14 of 157th Report of Public Accounts Committee
(8th Lok Sabha)]

Action Taken

The observations of the Committee have been noted for compliance. The Government has also considered the question of devising an institutional arrangement for settlement of disputes regarding commercial and other agreements between a public sector enterprise and a Government Department and between two public sector enterprises. It has been decided that such disputes should be referred to a permanent arbitration machinery set up in the Bureau of Public Enterprises.

The matter has been taken by this Ministry with Bureau of Public Enterprises to include the disputes of the Port Trusts also within the purview of the permanent Arbitration machinery set up by the Bureau of Public Enterprises.

[Ministry of Surface Transport O.M. No. PR-19017/1/92-PG dated 1.4.92]

Recommendation

The Committee note that a fertiliser handling project sanctioned in March 1972 at a cost of Rs. 3.31 crores revised to Rs. 13.95 crores in February 1975 was taken up for execution in 1978 and an expenditure of over a Rs. 15 crores has so far been incurred although the work still remains incomplete. The expenditure includes a sum of Rs. 4.28 crores towards provision of fertilizer handling equipment, work on which commenced in September, 1976 with a targeted schedule of completion by September, 1978. Lamentably, this work has not yet been completed and there are no immediate plans for the completion of the residual work. This is clearly indicative of total failure of planning, coordination and implementation machinery. There were incessant wranglings over petty disputes without any decisive will to solve them. The Committee deprecate that such an unpleasant situation should occur when the contracting party happens to be a public sector unit under another Ministry. This is clearly a bad example of lack of coordination between the two Ministries of the Government.

[Sl. No. 4; Annexure II, Parra No. 23 of 157th Report of Public Accounts Committee
(8th Lok Sabha)]

Action Taken

The Fertilizer Handling Berth (No. 5) was constructed primarily to cater to the need of the Haldia Plant of Hindustan Fertilizer Corporation. In fact, the berth is directly linked by conveyor with the HFC Plant. The Fertilizer plant at Haldia has not yet been commissioned and it is not certain whether it would be commissioned at all. That the Fertilizer Plant would not be commissioned could not be foreseen by Calcutta Port Trust apart from other agencies involved. Primarily due to non-commissioning of the fertilizer factory at Haldia, the anticipated fertilizer traffic did not materialise and the facilities of the berth was under-utilised. By way of alternative use of the berth, handling of POL was started at the berth. Rock phosphate was also handled there. Over last few year, SAIL started importing coking coal through Haldia Dock Complex in a big way. Coking coal a/c. SAIL rose from 4.7 Lakh tonnes in 1985-86 to 1.2 million tonnes in 1990-91. In the current year (1991-92), 1.8 million tonnes is expected to be handled and the projection for 1992-93 is 2 million tonnes. Since July 1989 Berth No. 5 is being used for handling coking coal import ac. SAIL.

Recently, SAIL have proposed and have entered into an MOU with Calcutta Port Trust subject to sanction of the Government, for use of the berth on preferential basis for handling a minimum guaranteed traffic of certain amount of revenue. When vacant, the berth would be utilised for handling vessels a/c. other parties. When implemented all these measures would ensure optimum utilisation of the facilities available at the berth with generation of considerable amount of revenue.

2. Calcutta Port Trust have been keeping close watch over the trend of traffic through Haldia Dock Complex and have been formulating operation plan accordingly to ensure optimum utilisation of the available facilities.

[Ministry of Surface Transport O.M. No. PR-19017/1/92-PG dated 2.4.92]

Recommendation

The Committee also note that the Port Trust has decided for the time being not to go ahead for completion of the facilities on the ground that the expected traffic in fertilizer is not materialising. Since the planned completion of the project was as far back as 1978, the Committee cannot comprehend as to why the Ministry of Surface Transport and the Port Trust did not take stock of the progress of trade facilities instead of allowing it to linger for a period of 10 years at the stage of planning itself. Even now a final decision in the matter has not yet been taken. Had there been a constant and proper review of the project, the present situation could have been easily avoided which has sadly resulted in creation of idle assets. At this stage the Committee only hope that the Ministry would not dilly-dally on this issue any more and avoid take a final decision regarding the completion of the work relating to fertilizer handling equipment so that further time and cost overruns are avoided. It is also imperative to ensure

that adequate care is taken by the Government in future in planning, coordination and implementation of projects of huge financial value involving inter-Ministry coordination and latest appraisal of trends so that Government is not subjected to avoidable expenditure due to lack of proper planning and coordination and there is optimum utilisation of meagre resources in the country. It is desirable that the work of preparation of contract documents is done with precision, care and proper scrutiny so that there is no ambiguity resulting in disputes of the type that had sadly arisen in the case under reference.

[Sl. No. 5; Appendix II Para 24 of 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

A conscious decision has been taken not to complete the remaining portion of Bagging and stitching plant of the Fertiliser Handling System keeping the future traffic projections. Thus there is no scope for further time and cost overruns.

2. Till July, 1989 the berth was being utilised for handling POL and dry bulk cargo like Rock phosphate. Since July, 1989 coking coal is being extensively handled at the berth. SAIL have offered to use the berth on preferential basis subject to payment of guaranteed berth hire charges and a guaranteed cargo support of 1.5 million tonnes per year. This is subject to sanction of the Government. When implemented, this proposal would ensure optimum utilisation of the berth and would fetch considerable revenue for Haldia Dock Complex.

[Ministry of Surface Transport O.M. No. PR-19017/192-PG dated 2.4.92]

Recommendation

The Committee are pained to know that an unrealistic time-schedule of 8 weeks to provide foundation designs for 231 foundations was provided for in the contract and agreed to by GRSE, whereas in actual execution it took a period of 98 weeks for completion. While on the one hand it is clear that the initial time limit was too short, with the result that a situation was created for both the parties to blame each other and get out of their responsibilities. It is also disquieting to note that whereas the drawings of Port Trust were to have the continuous bagging shed under the bagging bin, the tender document were not at all clear and the parties raised disputes and delays occurred in implementing the contract for a period of 7 years. While it is desirable to take remedial action with due promptitude in case of this type, it is also essential to analyse such

problems critically from the system angle so that root causes resulting in such failure are nipped in the bud.

[Sl. No. 6; Annexure II, Para 25 of the 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

In the light of the observation made by the Committee adequate care is being taken while preparing tender documents taking into consideration the nature of work involved.

[Ministry of Surface Transport O.M. No. PR-19017/192-PG dated 1.4.92]

Recommendation

The Committee note that during 1980-81 to 1986-87, the coal handling plant handled only a total of 102.56 lakhs tonnes of coal and the plant remained underutilised to the extent of 41 per cent to 80 per cent of its capacity (35 lakh tonnes). The Calcutta Port Trust stated that the coal handling plant was built with indigenous know-how and was not free from defects. Coals of different shapes and sizes and foreign material in coal wagons had an inevitable effect on the throughput of the plant and had made it prone to breakdowns. These factors are stated to have contributed to the low output of the plant. As per audit, calculated on the basis of handling capacity and the actual tonnage handled the under-utilisation of the coal handling plant during 1980-81 to 1986-87 had resulted in a loss of revenue of Rs. 4985.60 lakhs. The traffic in 1987-88 has, however, been reported to have increased to 26.2 lakhs tonnes and even this is short of the handling facility of the plant. The Committee view the above episode as extremely unfortunate and deprecate that there has been a total lack of planning and coordination right from the inception of the project. That this should happen after the PAC in their 33rd Report (6th LS) had commented on delay and its effect on capacity utilisation on ore and coal handling plants and had called for speedy remedial action at higher level to ensure traffic load for efficient and economic utilisation of the capacities, is all the more regrettable. The Committee hope that at least now the Government would take effective remedial measures by revamping and activating the planning, implementation and monitoring machinery so that there is optimum utilisation of capacity and no loss of revenue to the State Exchequer.

[Sl. No. 8; Appendix II, Para No. 32 of 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

The reasons due to which productivity of the Coal Plant has been adversely affected, have already been submitted in detail before the PAC. It may be mentioned here that so far as receipt of oversize coal and stone boulders is concerned, a two pronged course of action has been undertaken. CIL are regularly being persuaded to despatch only sized coal to Haldia. A high capacity Crusher with a Heavy Duty Apron Conveyor is also being installed at the Coal Trippler shortly. The above factor coupled with those already highlighted to the PAC have inhibited the throughput of coal at Haldia. However, due to the modification work already completed at the Coal Plant and by converting the Iron Ore Tipplers as well as one route of the ore Handling System for handling coal, it has been possible to achieve a throughput of 2.93 million tonnes at the Coal Berth during the last financial year.

A Committee consisting of Director (Mech), Ministry of Surface Transport CME, Mormugao Port Trust and General Manager (OP) Haldia Dock Complex has already been set up by the Ministry of Surface Transport for critically analysing the reasons for performance of the Coal Handling plant. The Committee has met a number of times and identified the major reasons for the low performance of the coal handling plant. A number of important measures like provision of crusher, provision of link conveyor from OHP to the coal loading plant, modifications to the trimmers fitted to the ship loaders, fitting grizzlies to the trippers etc. have been/are being implemented by Haldia Dock Complex. The performance of the coal handling plant is being reported by HDC on a fortnightly/monthly basis in approved format and is being regularly monitored by the Ministry. It is seen that the throughput of the plant has improved from 15 lakh tonnes per annum (ave) till 1986-87 to about 29 lakh tonnes in 1990-91.

[Ministry of Surface Transport, O.M. No. PR-19017/1/92-PG, dated 2.4.1992]

Recommendation

The Committee are concerned to note that whereas the coal handling plant has handled hardly on an average 15 lakh tonnes per annum till 1986-87, against its annual rated capacity of 35 lakh tonnes, it has been considered necessary to augment the capacity for handling coal upto 24 lakh tonnes by converting the ore handling equipment and for this purpose so far an additional investment of Rs. 1.28 crores has been made. The work of conversion of the plant which was taken up in May 1983 is still to be completed by May 1989. The Ministry should continuously monitor the completion of the project so that there are no cost and time overruns. The Committee to critically analyse the reasons leading to the dismal failure of the coal handling plant in reaching its rated capacity and take effective handling plant in reaching its rated capacity and take effective remedial

measures with due promptitude to remove the slippages. They would like to be apprised of further developments in this regard.

[Sl. No. 9; Appendix II Para No. 33 of the 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

In pursuance of the above recommendation, the Government have appointed a Technical Committee on 1.8.1989 consisting of Director (Mech) of Ministry of Surface Transport, General Manager (Operations) of Haldia Dock Complex and the Chief Mechanical Engineer of Mormugao Port Trust to critically analyse the reasons leading to the failure of the coal handling plant in reaching its rated capacity and take effective remedial measures to remove the slippages. The Committee has also been asked to lay down the information to be supplied by Calcutta Port Trust monthly for monitoring purposes. The Committee has met a number of times and identified the major reasons for the low performance of the coal handling plant. A number of important measures like provision of crusher, provision of link conveyor from OHP to the coal loading plant, modifications to the trimmers fitted to the ship loaders, fitting grizzlies to the tippers etc. have been/are being implemented by Haldia Dock Complex. The performance of the coal handling plant is being reported by HDC on a fortnightly/monthly basis in approved format and is being regularly monitored by the Ministry. It is seen that the throughput of the plant has improved from 15 lakh tonnes per annum (ave) till 1986-87 to about 29 lakh tonnes, in 1990-91

[Ministry of Surface Transport, O.M. No. PR-19017/192-PG dated 2.4.1992]

Recommendation

The Committee note that substantial expenditure is incurred by the Port Trust for meeting the hire charges for retention of wagons in port areas beyond the permissible free time allowed. Chronic detention of wagons within the port area is mainly responsible for huge quantum of higher charges payable to Railways. The increased detention of wagons also results in reduced utilisation of the scarce stock of wagons with the Railways which, but for the detention could have been profitably utilised elsewhere. From the statistical data on number of wagons handled, the Committee note that on an average the Port Trust detained 4 times its daily handling capacity and that there has been a steady fall over the years in the handling capacity of the port in that the port hardly handles 50% of the wagons handled 5-6 years back. The Committee desire that detailed reasons for chronic detention of wagons at ports, viz., inordinate delay in placement of wagons at sidings, repair of damaged wagons, large scale thefts and pilferage for wagon fittings inside the port area, deteriorating conditions of railway tracks, poor availability of locomotives for traffic use etc., should be investigated and effective remedial measures taken with

due promptitude so that there is proper overall utilisation of wagons and payment of hire charges to railways by the Calcutta Port Trust is avoided to the barest minimum.

[S. No. 10, Appendix—II, para 42 of the 157th Report of PAC (8th Lok Sabha)]

Action taken

With a view to investigate reasons for chronic detention of wagons at Calcutta Port and suggest effective remedial measures to ensure proper overall utilisation of wagons by Calcutta Port Trust and payment of hire charges to Railways is reduced to the barest minimum, a Committee consisting of one representative of Ministry of Railways and Dy. Chairman, Calcutta Port Trust has been set up. Report of the Committee was submitted on 13.3.90. The conclusions and recommendations of the Committee are given below:

(i) Delay in placement of wagons at sidings:

The Committee feels that detention to wagons for want of accommodation for placement of a full rake at a time may be reduced by either enhancement of siding accommodation or by expeditious release of wagons at sidings enabling Calcutta Port Trust to place excess wagons in quick succession. The Committee therefore, recommends that CPT should impress upon the siding holders on the above lines and in case of enhancement of accommodation not being a feasible proposition, siding holders may be urged to create suitable infrastructure for expeditious release of wagons.

The Committee further recommends that CPT should resolve the issue of restriction on operation at FCI Depot during night time and non-release of wagons by FCI on Sundays/Holidays by taking up the matter with FCI authority at a suitable level

(ii) Deteriorating condition of Railway tracks:

The Committee observes that there is further scope for improving condition of tracks in CPT Railway by enforcing strict supervision of work by officers of P. Way Section. It is, therefore, recommended that supervision should be improved to ensure proper work by P. Way staff in terms of both qualitative and quantitative nature. Periodical review of the progress in this sphere is also recommended at a sufficiently high level.

(iii) Poor availability of locomotives for traffic use:

The Committee noticed that with the actions taken by CPT in the shape of procuring new locomotives and overhauling of some of the locomotives in the fleet there are signs of improvement and the situation is likely to be improved further by middle of 1990. The Committee would, however, recommend that CPT should pay special attention to the maintenance aspect of locomotives so that traffic requirements are fulfilled and

sustained. A Special Cell to review the situation on a regular basis may be created.

(iv) Repair of damaged wagons:

The Committee observed that marginal shortfall in repair of wagons compared to daily rejection of wagons in CPT Railway was caused partially due to non-availability of spares from the Trunk Railways. The Committee recommends that apart from holding quarterly Single Control meeting, CPT should, in consultation with Eastern Railway, maintain proper supply of spares.

The Committee noticed that the examination of trains by Neutral Control Organisation in CPT Railway had posed a difficult problem for CPT. It had resulted in high percentage of sick marking of wagons on inward trains which affects wagon turn-round in CPT Railway to a large extent. The Committee recommends that CPT may initiate discussion with the adjoining Trunk Railway to evolve a mutually agreed train examination system with particular reference to the need of continuance of Neutral Control Organisation in CPT Railway.

(v) Delay in relief operation:

The Committee felt the delay in relief operation may be reduced substantially with the commissioning of CPT's MFD Unit. It is, therefore, recommended that CPT should take prompt action for commissioning the MFD unit by early procurement of spares. Since 13 years have elapsed after the procurement, the Committee expects that a firm target will be laid down and adhered to.

(vi) Pilferage of wagon components:

The Committee noticed that with induction of CISF in 1982, the pilferage of wagon components had been reduced to a great extent.

The Committee noted with appreciation the move by CPT to cover more operational areas by further induction of CISF in near future.

(vii) Failure in communication system:

The Committee welcomed the action taken by CPT to revamp the telecommunication facilities by commissioning of EPBAX in June, 1990. It is recommended that CPT should ensure proper maintenance of the system right from the time of its commissioning.

(viii) Delay in loading/unloading of wagons at Transit sheds:

In view of the continuous depletion of CPT labour force, the Committee recommends that loading of wagons at Transit Berths to be undertaken by the Consignors as is done in Bombay and other port trusts. Feasibility of allowing consignors' loading equipments like crane/forklift, etc. may be examined by CPT.

Chairman, Calcutta Port has been asked to take up follow up action. However, as far as recommendation at S.No. (vi) is concerned, commissioning of the MFD Unit has not been found possible. In view of this, Calcutta Port Trust has been advised to examine the cost benefit of hiring the Accident Relief Train from Railways *vis-a-vis* acquiring and maintaining a new Accident Relief Equipment.

Calcutta Port Trust has indicated the following follow-up action taken on the recommendations of the Committee.

Placement of wagons at sidings

Due to rake handling facility available in the sidings of M/s FCI, SAIL and M/s. TISCO, detention to wagons placed at these sidings was reduced considerably. In respect of other sidings where limited capacity to accommodate wagons is available, efforts are made for quick release of wagons.

The FCI Authorities have been persuaded to accept placement and clearance of wagons during night. In addition, with effect from December, 1991, FCI has already agreed to work on certain holidays/Sundays on selective basis. This resulted in minimising detention to wagons after arrival in the CPT System.

Deteriorating condition of Railway tracks

During the year 1991 routine maintenance of Railway tracks was severely affected due to industrial relations problems involving contractors' labourers engaged in renewal of tracks. The matter has been sorted out with the assistance of the State Govt. and work of rehabilitation is now progressing without hindrance.

Availability of Locomotives for Railway traffic

A programme of overhauling Locomotives at Eastern Railway's Workshop has been undertaken and action has been initiated for procurement of two more Locomotives. To overcome temporary shortages, Locomotives are also being taken or hired from Trunk Railways as and when necessary.

Pilferage of wagon components

The Central Industrial Security Force has been deployed in the Railway yards and the no. of incidents of pilferage has gone down from sixty-three in 1990 to forty-five in 1991.

Communication System

Communication System has been improved considerably with the installation of a new Electronic Exchange in the Dock area.

[Ministry of Surface Transport, O.M. No. PR-19017/1/92-PG dated 1.4.92]

Recommendation

The Committee note that at Kantapukar the port trust holds prime land of about 49 acres which contains sheds in a covered area of 10.16 lakh sq. metres. Because of unremunerative operations of a railway station along with the sheds, Government recommended their closure as early as 1976 but lamentably action was taken by Port Trust only 5 years after another committee reiterated the earlier recommendations.

[S. No. 12, Appendix II, para 49 of the 157th Report of the Public Accounts Committee (8th Lok Sabha)]

While the port trust faced problems till September 1984 for letting out the sheds due to inability to withdraw labour force, it disquietening to note that the land use plan prepared by June, 1984 was not put into operation in Kantapukar though it was brought in operation in other areas. The Committee deprecate that even though a period of 4 years has elapsed after preparation of land use plan the revenue potentials of 24 out of 34 sheds have not still been utilised in total disregard of the financial interests of the Calcutta Port Trust. It has been brought out by Audit that had the unutilised shed space of 6.79 lakh sq. feet been let out a revenue of Rs. 3.94 lakhs per month could have been collected and CPT could have earned a revenue of Rs. 263.98 lakhs during 1981-82 to 1986-87 (upto October 1986) resulting in a profit of Rs. 144.53 lakhs instead of accumulated loss of Rs 119.45 lakhs during the above period. In the opinion of the Committee the above situation is indicative of a total lack of foresight and non business like approach of Calcutta Port Trust in not making optimum use of its assets. They recommended that detailed reasons leading to this situation should be properly investigated by the Ministry and effective steps taken to maximise revenue potential of Calcutta Port Trust. The Committee would like to be apprised of further progress of the case.

[Sl. No. 13, Appendix II, Para No. 50 of 157th Report of PAC (8th Lok Sabha)]

Action Taken

In pursuance of this recommendation a Group was set up with an officer of the Ministry of Surface Transport and the Land Manager, Calcutta Port Trust to find out the detailed reasons for nonutilisation of warehouses and other property of Calcutta Port Trust at Kantapukar and suggest affective steps to be taken to maximise revenue potential of CPT in respect of its land and other immovable properties. Although the Group had started examining these issues, due to change in the incumbency in the post of Director (Port Traffic) Deputy Secretary (Port Traffic), Ministry of Surface Transport, it had not been possible for the representative of this Ministry to participate in the

deliberation of the Group further for preparing the final report. In the circumstances the report was prepared by only member of the Group.

(a) The conclusions and recommendations of the Group are reproduced below:

1. The primary reasons for non-utilisation of sheds at Kantapukar in 1982 and thereafter was deliberate decision awaiting preparation of Land Use Plan and policy. Since the sheds were not properly utilised and number of them were in bad state of repairs, it was then contemplated by CPT administration to demolish the sheds to the east of railway line and utilise the land as per the land-use plan. It has been explained by CPT that in the Land-Use Plan prepared in 1984, the nature of use in respect of the eastern half of Kantapukar was restricted primarily for residential use and warehousing was permitted only in the sheds of the western half. In accordance with the Land Use Plan, CPT proposed to dispose of the sheds particularly to the east of the railway line (Eastern half) and allot the land on lease preferably to the Housing Co-operatives. From the notes recorded in file No. LM 464/F/RFC/XII it is seen that apart from the restriction in the use of the sheds in the eastern half of Kantapukar as per the Land-Use Plan for warehousing purposes, the other considerations which prompted CPT to dispose of the structures were bad state of repairs of the sheds, pilferages of GI sheets and lack of security in the area etc.

2. The position, however, changed with induction of JIC at Kantapukar in 1986-87 who occupied sheds both in the eastern and western half on monthly tenancy basis. CPT had already inducted CPT, CISF unit at Kantapukar, by providing them shed accommodation as also land for parade ground etc. which helped improving the security of the area and consequently the demand of the sheds from 1986 onwards.

3. With the revision of rent in 1983 and again in 1988 and the increased potential of the revenue earning capacity of these sheds, if allotted with necessary repairs by tender, it was decided by CPT to revise its policy of demolishing the sheds and utilising the land and instead allot the sheds with necessary repairs, so long there is a demand for the same. As mentioned earlier, in the modified land use plan which came subsequently, CPT has freedom to utilise the sheds even in the eastern half for warehousing purposes instead only for residential purposes as per earlier Land Use Plan. This resulted in a gradual increase in demand of the storage space by the importers/exporters and other users of Port for sheds at Kantapukar, notwithstanding a steep hike in rentals fixed in 1988. This is reflected in the substantially allotment made by CPT and the increased income from Kantapukar shed as discussed in the following Chapter.

4. From the foregoing, it may be concluded that reasons for non-utilisation of kantapukar sheds in the past, are mainly administrative, based on the perception of CPT administration at a given situation on due considerations of the then prevailing circumstance. Subsequent decisions of

CPT in the changed pattern of land utilisation to allot the sheds by tender has resulted in a substantially higher income than what could have perhaps been possible had the sheds been allotted in parts at pre-revised rent prevailing in 1982.

(b) The recommendations of the Group regarding future policies to be followed in order to ensure optimum utilisation of lands of CPT and to maximise revenue are produced below.

1.1 From the analysis of the present status of management of the Port Estates in Calcutta, it appears that CPT has taken steps in the right direction to improve the management of its estates, dispose of its surplus land/structures, increase its income there from during the recent years. Due to various factors like abandonment of Old Calcutta Jetty areas, railway siding in certain areas and fluctuation of trade, CPT has come to manage areas which are not required for its operational needs. Necessary plans have been prepared as a follow up of the Master Plan for gainful disposal of some of these lands. CPT has also earmarked portion of these lands for constructing residential quarters for the officers and staff. No plan has however been drawn of for disposal of land at Kantapukur, however, CPT has been able to bring most of sheds for gainful use.

1.2 Since the land not in active use, is likely to be encroached upon or pressures are likely to be brought upon CPT to part with those lands for uses, which may not be commercially remunerative, the steps taken by CPT already both to prevent encroachment as also to dispose of its surplus land for gainful use and to derive economic rent from its landed assets, should be pursued so that the revenue potential of Port Estates is fully realised. Possibility of constructing commercial multistoried buildings may be examined as a measure to augment income converting the valuable landed assets to accounts.

1.3 In brief, the following points are suggested by way of recommendation for efficient management of the Port Estates.

(i) CPT may take stock of its landed assets which are not required for its operational need within the framework of the Master Plan and devise a scheme for their gainful utilisation by granting lease/licence or by outright sale, as may be considered in the best interest of the Port including construction of commercial buildings. However, no compromise should be made with regard to the future operational need of the land which need to be protected and preserved. Apart from operational need CPT may require more land for construction of quarters for its employees and steps should be taken to identify the areas so that it does not suffer from non-availability of suitable land to build residential quarters at a future date.

(ii) A comprehensive plan for development of land/shed at Kantapukur may be prepared.

(iii) The progress of disposal may be reviewed periodically so that

delays, if any, in planned disposal of the land and buildings can be avoided as far as possible.

(iv) Periodical review may be made about the status of land, the removal of the encroachment and steps necessary for prevention of fresh encroachments on vacant lands.

(v) Periodical revision of rent should be made as per the existing guidelines once in 5 years and the rent fixed, should bear a close relationship to the market rent.

(vi) As has been brought out, considerable effort will be necessary to pursue the large number of Court Cases pending and progress of the disposal has to be monitored from time to time.

(vii) Management of Port Estate in Calcutta is a complex problem and it may be necessary to revamp the Estate Department suitably to meet the complexities of the situation as was recommended by Major Port Reforms Committee.

The Calcutta Port has been asked to implement the recommendation made on behalf of the Group regarding utilisation of lands of Calcutta Port Trust.

As follow-up to the above recommendations of the Committee, Calcutta Port Trust prepared a status report regarding utilisation of the sheds and gradual increase in revenue earning by such utilisation. In the report some of the sheds were shown as sold out/out of commission/burnt out. The Land available after removal of these sheds has partly been disposed of by outright sale to M/s G.R.S.E. at a cost of Rs. 90 lakhs, partly utilised for construction of 'D' type Staff Quarters and the remaining portion is being processed for allotment by inviting sealed tender. Other sheds which were lying vacant earlier have either been leased out or are being processed for allotment. The present position is summarised below:—

Sheds leased out	— 20 nos.
Sheds tendered for allotment	— 7 nos.
Shed burnt out and the land underneath has partly been sold out and partly been utilised for construction of staff quarters	— 1 no.
Shed under repair	— 1 no.
Shed in dilapidated condition and proposed to be demolished	— 3 nos.
Shed under the occupation of C.I.S.F.	— 2 nos.
	<hr/>
	• — 34 nos.
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2. Calcutta Port Trust in association with the Indian Road Construction Corporation Ltd. has taken up a prestigious scheme for commercial

utilisation of its vast estates. CPT will give long term lease of built-up accommodation, both residential and commercial. For this purpose, 56 acres of land in a prime residential area of Calcutta (Boat Canal area) and 20 acres of land in the Central Business District (B.B.D. Bag area) are being commercially utilised. In the Boat Canal area, the built-up area will be 48 lakhs sq.ft. for residential and commercial purposes while in the B.B.D. Bag area, the built-up area will be 15 lakhs sq.ft. for commercial purposes only. The construction is likely to start in September, 1992 and completed by December, 1994. The above steps have improved the revenue prospects of Calcutta Port significantly.

[Ministry of Surface Transport, Office Memorandum No. PR-19017/1/92-PG dated 15.4.92].

Recommendation

The Committee note that to achieve a designed draft of 10.67 metres upto Haldia in the estuary, dredging to the extent of 19 MCM per annum is required to be done and that the actual quantity dredged by CPT and Dredging Corporation of India Ltd. during the ten years ended 1987-88 was only 131.75 MCM (about 69%). The Committee have also been informed that as against the dredging capacity of 120.43 MCM available with the Port Trust, the actual performance by the dredgers of the Port Trust was only 78.47 MCM, the shortfall in performance being to the extent of nearly 35%. The Committee note from the reasons given for the shortfall that the dredgers have lost considerably days of operations as a result of the time taken for their annual survey, repairs etc. In the opinion of the Committee the inordinate time taken in getting dredgers repaired does not appear to be reasonable and steps are needed to be taken expeditiously for reducing the period of repairs to the barest minimum possible so that dredging operations are carried on more effectively.

[Sl. No. 14; Appendix II para 58 of the 157th Report of Public Accounts Committee (8th Lok Sabha)].

Action Taken

To reduce the period of repairs of dredgers, a Repair Complex under the name of Dredger Repair Company of India Pvt. Ltd. has been established in Calcutta in joint collaboration between M/s Dredging Corporation of India Ltd., M/s Hooghly Dock & Port Engineers Ltd., M/s IHC (Holland) and a Bombay based private company. The Complex will undertake repairs of DCI dredgers and dredgers of other ports including those of Calcutta Port. The Complex has not yet commenced work as the company is in its formative stage.

[Ministry of Surface Transport O.M. No. PR-19017/1/92-PG dated 1.4.92]

Recommendation

The Committee also note in this regard that considerable time has been taken in completion of each of the river training programmes and it appears that had the works been carried out according to the scheduled dates, it would have been possible to adhere to the target of draft of 10.67 metres. They desire that the completion of this work should be watched through a time bound schedule which should be periodically monitored and the Ministry should also coordinate with the Calcutta Port Trust in achieving the targeted results.

[Sl. No. 15; Appendix II Para No. 59 of 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

River Training works for the Bhagirathi/Hooghly river were conceived by the Calcutta Port Trust in 1968. These works consisted of 2 parts:-

Part I: The training scheme for the portion of the channel above Diamond Harbour.

Part II: The training scheme for the portion of the Inner estuary below Diamond Harbour.

Although the original time frame for completion of the works was 1977-78 in respect of Part I and 1979-80 in respect of Part II, the scheme could be completed only by 1983-84. The inescapable obligation of maintaining the spurs and continuing the silt trap dredging and hydrographic survey due to continuing instability in the river Bhagirathi were responsible for the delay in the completion of the works.

For optimum development of the navigational route from the sea to the deep dock system at Haldia, Calcutta Port Trust prepared a comprehensive scheme for the improvement of the navigability of the Hooghly estuary in May, 1981 which was examined by Indian and foreign experts. The project was finally approved after adequately testing both the Hydraulic and mathematical models. The scheme was aimed at achieving a draft of 7.9 metres for 200 days in a year for Calcutta and about 10.67 metres draft for most of the days in a year for Haldia after implementation of the projects in its totality.

The nature of work involved in challenging in conception, planning and the execution and would require judicious correction and modification continuously. Although the project was originally expected to be completed by 1987-88, it is now expected to be completed by mid 1992. The delay was due to change in river morphology and change in the construction technology. The scheme had also to undergo some changes and reformulation.

A technical Advisory Committee was set up under the Chairmanship of Development Adviser (Ports), Ministry of Surface Transport to examine the planning of annual works relating to river morphology, evaluation in

the context of the resources and correction to sequence of execution, advise on executional engineering problems etc. This Committee is functioning since 1982 to monitor the project at every stage and introduce correction wherever necessary. Dutch expertise for construction has also been inducted. The Technical Advisory Committee has been holding periodical meetings to review and monitor the implementation of the comprehensive scheme for the improvement of drafts in the Hooghly river and also rendering technical advice to Calcutta Port Trust. The comprehensive scheme is nearing completion and is expected to be completed by June, 1992. The Committee has also finalised the schemes for combating erosion on the western shore of Nayachara Island and also on the Kalpi bank.

[Ministry of Surface Transport O.M. No. PR-19017/1/92-PG dated 1.4.92]

Recommendation

The Committee have been informed during evidence that the scheme for dumping dredged materials ashore at Jellingham was taken up in view of the possibility that the fall in draft level could be due to recirculation of the dredged materials and that reliable method for study of recirculation of material has been introduced from 1986 only. Since radioactive tracer studies or other reliable methods must be available even in the 1970's in the advanced countries, the Committee deprecate that without ensuring validity of the basic presumptions the costly scheme was launched which did not ultimately yield any results. In the opinion of the Committee in the context of technological advancement in developed countries it is essential to keep a track of the proven technological changes relevant to Indian environment and adopt them at the earliest so that the research work in such intricate items like dredging being done abroad could be successfully utilised. Since dredging operations are quite expensive, the Ministry should take this aspect in view while planning dredging operations in the Country in future. The Committee also note that despite operation of the scheme since 1977-78, the progress of dredging was very slow and the draft level in the area did not show any improvement even by 1980-81 or 1981-82. The Committee cannot comprehend as to why the execution of the scheme was not reviewed even by 1980 and a fresh study not undertaken so that further expenditure on a scheme that was not capable of achieving the desired results could have been avoided. It is imperative that working and operation of such schemes involving huge expenditure are monitored periodically at an appropriately higher level and technical advice obtained whenever considered necessary so that the Government is not put to ineffective financial expenditure.

[Sl. No. 16 Appendix II Para 66 of the 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

Recirculation of sediments within an estuary introduced in the flow through various sources is an established fact. Their intermittent deposition and removal through the flow processes is also an established phenomenon. However, the estimation of the precise quantity from the sources is indeed difficult and cannot be easily reconciled. Therefore, in this context, phenomenon of removal of material from the bed in the navigable channel through shore disposal is always a positive method of removing quantity of material permanently away from recirculation. Noting the different impediments to the efficient operation of the shore disposal scheme underway at Jellingham, Messrs. EIL—A Government of India Undertaking were commissioned in 1980 by the Calcutta Port Trust to suggest an efficient shore disposal scheme in the estuary. They came up with various proposals while agreeing that the Scheme under operation at Jellingham may continue in the present state. They recommended certain modifications only for shore disposal terminal to be adopted in future. The scheme was abandoned as no land was available at the old site and new sites could not be conveniently indentified. In the meanwhile, the Radio Active tracers Study, were undertaken to establish the phenomenon of recirculation.

The latest technological method available is being utilised to study the recirculation of dredged material in the Hooghly estuary. The Bhabha Atomic Research Centre, Bombay, has been commissioned to carry out suitable Radio Active Tracer Studies. During the last two years such studies have been carried out at two locations—one off Nayachara Buoy and the other off Hooghly River Buoy. Based on the final report submitted by BARC concerning Nayachara Buoy, suitable actions have been taken. The final report regarding study carried out off Hooghly Buoy is awaited. There are plans to carry out further Radio Active Tracer Studies at other suitable locations.

The observation of the Committee that Ministry should keep itself abreast of technological advancements in developed Countries while planning dredging operations in the country in future has been noted.

[Ministry of Surface Transport O.M. No. PR-19017/1/92-PG dated 1.4.92]

Recommendation

The Committee note in this regard that the causes for failure of the scheme has apparently been the failure to lift 4 MCM during the prescribed period of 20 months and there was achievement of only 2.4 MCM even after operations for 7 years. Thus there have been in effect no capital dredging. The Committee have been informed in this connection that manual operations for each trip of dredging and dumping ashore took a time of 4 hours as against the anticipated 2 hours and 40 minutes and the quantities lifted were also not

upto the required level in each trip. The Committee consider it unfortunate that even when these problems manifested themselves during operations, steps were not taken to remedy the situation promptly. On the other hand the dredging was allowed to proceed ineffectively, with the result that the scheme on which over Rs. 7 crores had been spent turned out to be an idle and totally unproductive investment. The Committee desire that appropriate lesson should be drawn from this unpleasant experience and Ministry should strengthen their planning, implementation and monitoring machinery so that there are no slippages in executing such projects of huge financial value.

[Sl.No. 17; Appendix II, Para 67 of 157th Report of the Public Accounts Committee (8th Lok Sabha)]

Action Taken

The Shore Disposal Scheme at Jellingham by Dredger M.O.T.V. commenced with effect from December 1977. Stagnation of the inner estuary and in fact deterioration of Jellingham shoal despite intensive dredging operations began to manifest itself from 1975 onwards. It was recognised that this phenomenon was a result of heavy re-shoaling of the bars not only due to adverse morphological and hydraulic conditions but also due to a possibility of a significant portion of the dredged materials returning to the bars from the dumping sites.

The condemned dredger 'Jalengi' equipped for utilisation as a terminal, ancillary equipment including floating pipeline etc., procured indigenously with necessary civil works was completed and shore disposal operations by Dredger M.O.T.V. were commenced with effect from December, 1977.

On S.D. 'Jalengi' being sold in April 1982, another condemned dredger S.D. 'Bhagirathi' replaced her in June 1982.

Shore disposal operations at Jellingham by utilising S.D. 'Jalengi' and 'Bhagirathi' as a terminal were undertaken on an experimental basis. With an indigenously device shore disposal terminal, overall performance of the project had, however, proved to be extremely expensive. Therefore, the continuation of such scheme was considered far from justifiable and finally the scheme was abandoned in December, 1984. The other reason was that the existing shore disposal area was filled up and no more suitable site within the proximity of Jellingham Shoal could be obtained or located.

For the Shore Disposal, the Coupling used was the flanged coupling having a ball and socket joint. Even after lot of experience connecting up the dredgers discharge pipe to the inlet pipe of the terminal was time consuming.

The Committee's desire to evaluate fully the cost/effect of such costly project has been duly noted. Action will be taken to ensure that every project undertaken will result in commensurate benefits/results. However, it must be appreciated that in a revenue port like Calcutta, morphological

hydrological and physical changes are always unpredictable and in spite of all the best experiments in a model etc. results cannot definitely be predicted with any guarantee.

[Ministry of Surface Transport, O.M. No. PR-19017/1/92-PG dated 1.4.1992.]

Recommendation

The Committee strongly deprecate that replies to audit paras were not furnished by the Ministry though enough opportunity was given to them to defend their position. Failure on the part of the departmental heads/ Ministries to react to the Audit paras in the above manner has been the bane of financial management. It is imperative that the departments must not only react promptly to the Audit paras but must also make prompt investigations in respect of deficiencies mentioned in the Audit para and take remedial measures. The Committee desire the Ministry to streamline their machinery and ensure scrupulous observance of prescribed procedure so that the Committee are in a better position to appreciate the view-point of the Ministry and a lot of their precious time is not wasted in enquiring into details which could have been better sorted out by Audit.

[Sl. No. 18, Appendix II, Para 68 of 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

This Ministry has instructed all the Port Trust vide D.O. letter No. PR-19015-1/88-PG dated 9.1.1989, to ensure that the replies to the audit paras are monitored at the Chairman's level so that a watch is kept on the progress. The Port Trusts were also asked to indicate in their monthly letters addressed to the Ministry information pertaining to the audit paras, on which replies are required to be furnished to the C&AG or the Ministry.

The Ministry has also communicated the observations of the Public Accounts Committee to all the Public Sector Undertaking Port Trusts and various Wings in the Ministry vide Office Memorandum No. G.25012/8/89-Budget dated 12.6.1989. All the organisations have been asked to note the recommendations of the Public Accounts Committee for guidance and strict compliance keeping in view the detailed instructions on the subject.

[Ministry of Surface Transport, O.M. No. PR-19017/1/92-PG dated 1.4.1992]

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

The Committee note that out of two mechanical handling plants installed at a total cost of Rs. 15.30 crores one plant intended for iron ore was not utilised at all due to lack of traffic. While at the time of planning and execution of the project it was hoped that improved drafts would be obtained over a period of time in the Hooghly estuary, in actual practice this was not achieved, with the result that the above plant had remained grossly idle to the extent of 99 per cent during 1980-81 to 1984-85 and completely idle since 1985-86. As per audit, the idleness/under-utilisation of the plant during 1980-81 to 1986-87 resulted in loss of revenue of Rs. 4889.15 lakhs. The Committee are to conclude that the planning machinery of the Ministry are sadly out of gear and steps should be taken to institute an effective planning machinery so that scarce resources are not on infrustuous projects.

[Sl. No. 7; Appendix II, Para No. 31 of 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

It has been explained earlier that Haldia had low draft which varied according to the tidal conditions. The foreign buyers were reluctant to nominate vassels for this port as a result of this. Initially, MMTC succeeded in persuading the buyers to a system of two port loading which involved first loading at Haldia and subsequent uptooping at Kakinada and Paradip Port. Some ships in fact, arrived which transported the iron ore by this method. However, extra freight was involved in this two port loading systems and buyers found it uneconomical and this was then dis-continued by them.

The Port Trust has been making efforts to ensure adequate returns from the investment made on the Iron Ore Berth. With this end view, the Port had arranged for POL traffic handling at the Iron Ore Berth from 1979 onwards. However, the berth has since been converted for handling theremal coal meant for consumption of Tamil Nadu Electricity Board, paper and cement industries in the South. Manpower required for operation and maintenance of the berth is being inducted. In the

meanwhile, the berth is being utilised for other cargo like pig iron, coking coal etc. Till 1990-91, 11.74 Million tonnes of cargo was handled at the berth.

[Ministry of Surface Transport, O.M. No. PR-19017/1/92-PG dated 2.4.1992]

CHAPTER IV

RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee note that a study team envisaged in 1965 substantial increase in sea traffic of salt from the then existing level of 50% of total traffic in the region as transport of salt by sea was expected to be cheaper than rail transport with reference to the relative costs of operations. The then policy of Government was also stated to be to augment salt traffic-by sea and to discourage it by rail. In the circumstances the study team recommended a salt jetty with facilities for bulk handling of salt at Haldia Port the jetty was also expected to handle entire traffic of sulphur in bulk. The Committee have also been informed that by 1971 due to substantial hike in oil prices, the cost of operations of salt by sea become costly whereas due to a policy decision, the freight by Railways for salt has been placed at the lowest classification for freight charges; as a result transport of salt by sea became more and more uneconomical as compared to transport by rail with the result that transport by sea started dwindling and is now reported to be almost nil even at Calcutta as against 50% of total salt traffic having been effected by sea in the 1960's. The Committee are unable to understand why Government have not considered it necessary to arrange to maintain a comparably lower freight rate for transport of salt by sea by arranging carriage by Government owned shipping companies or suitable arrangement of subsidies of carried by private carriers by sea including concession to the Port Trusts in determination of the port rates for salt traffic. The Committee recommend that the present policy of allowing the Railways to carry salt traffic at highly concessional tariff obviously involving a large amount of internal subsidy but denying the facility of similar concessional carriage by sea including charges levied by the Port Trust may be reviewed and the Committee may be apprised of results of the review,

[Sl. No. 1 Appendix II para 11 of the 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

The recommendation has been examined in consultation with the Railway Board, DG Shipping and the Department of Industrial Development. The

Railway Board has stated that commodities carried by rail are assigned a classification in the Railway freight Structure depending on the transportation characteristics, the cost of carriage, etc. However, the Railways, taking into account the needs of the common man have been carrying a number of commodities like salt for edible use, foodgrains, fodder, Fruit and vegetables, timber, Firewood and Charcoal, Sugarcane, Bamboo, oil seeds (other), livestock Cotton Raw unpressed, Bones Salt for Chemical Industries, Bidi Leaves etc. at rates which do not cover the cost of operation. Some coaching services are also priced at a level below the cost of operations. Thus, it would be observed, as a part of social obligation, the Railways are carrying a number of commodities below cost apart from salt for edible use. However, it would not be correct to say that the freight rate for salt has been static as changes made from time to time have resulted in upward revision on the freight rates for salt also, apart from other commodities.

2. The Salt Commissioner informed that the High Level Salt Enquiry Committee set up by the Government recommended that the payments for freight subsidy should be made out of salt cess fund or funds such as the coal surcharge. He further stated that as resources of salt cess proceeds available with Salt Department are meagre, outlay for the payment of transportation subsidy, if again introduced to encourage shipments of salt to Calcutta has to come from other sources. He has requested this Ministry to consider this aspect with a view to help the shipping industry.

3. The DG Shipping in their comments have stated that the total cost of movement of salt by sea was always costlier than the rail freight in view of additional charges to be incurred by the trade in terms of Port charges, stevedoring and transport to and from the port. The D.G. Shipping is of the view that unless the subsidy is given, it will not be economical to move the salt by sea.

4. This Ministry had earlier considered the entire matter and it was decided at the level of Coordination Committee of Ministers for Transport to reduce Port charges both at Tuticorin and Calcutta, so as to bring down the cost of sea transport to the level of rail transport, in order to make the salt movement by sea viable. Accordingly the Tuticorin Port Trust had reduced the wharfage charges by Rs. 5.20 for handling Zone A and Rs. 2.60 in Zone B. Tuticorin Stevedores Association also reduced levy by Rs. 9.25, thus bring the total reduction to Rs. 14.45 per tonne w.e.f. from 1.5.1987. Similarly the Calcutta Dock Labour Board also reduced their stevedoring levies in order to reduce the cost by Rs. 15 per tonne from 15.4.1987. Thus the total reduction of about Rs. 30 per tonne was brought about both at Calcutta and Tuticorin. In spite of these concessions, the salt traffic could not pick up because the shippers found it more attractive to move salt by rail in view of door to door service and easy availability of rail wagons at the load Ports. Moreover as the Calcutta Port was closed for coal traffic w.e.f. 1.7.1987, the intended purpose of attracting salt for

movement by sea by colliers returning from Tuticorin to Calcutta after delivering the industrial coal was not achieved. Besides, the shippers do not prefer the movement of salt by rail-cum-sea route partly due to the fact that bulk carriers presently carrying coal for thermal power stations etc. cannot afford to wait whilst salt is loaded slowly.

5. In the light of above position, this Ministry is of the opinion that the movement of salt by rail-cum-sea route is not attractive due to certain inherent diseconomies involved in the system and it would not be financially viable to revive this mode of transport by giving subsidies etc.

[Ministry Surface Transport, O.M. No. PR-19017/1/92-PG. Dated 1.4.92]

Recommendation

The Committee also note that amounts due for recovery from Government Departments and private parties stood at Rs. 66.22 lakhs and Rs. 13.21 lakhs respectively as on 31.12.1988. The Committee cannot comprehend the logic behind the port trust allowing credit facilities for long periods because in respect of such transactions the proper course would be for the concerned parties to keep adequate deposits with the Port Trusts for periodical replenishment and adjustment. The Committee recommend that the feasibility of collection of advance deposits may be explored by the Port Trust of safeguard its financial interest. They also note that there has been no upward revision of demurrage charges leviable by Calcutta Port Trust since May 1983 though the Railways keep on revising hire charges for wagons frequently. They are of the opinion that this aspect needs expeditious and rational consideration after inter-Ministry consultations. The Committee would like to be apprised of further developments in this regard.

[Sl. No.11 Appendix II, para No. 43 of 157th Report of RAC(8th Lok Sabha)]

Action Taken

There has been some improvement in settlement of old outstanding dues during the last five years. The position is summarised below:-

Dues as on	Total	Government	Rs. in lakhs private
31.3.87	64.20	25.68	38.52
21.3.92	37.51	27.05	10.46

2. Most of the outstanding dues recoverable from private parties have remained unsettled as the cases are subjudice. However, some such cases pending litigation are being settled out of court. As regards dues

outstanding from Government parties, serious difficulty is faced in recovering the same from Defence Units and Organisations like Food Corporation of India. Continuous efforts are on to persuade them to settle the dues.

3. As per recommendations of PAC, a system of opening Floating Deposit A/c for debiting demurrage charges has been introduced. So far twelve parties have opened Floating Deposit A/c. As for parties which do not have regular Railway transaction, a system of pre-payment of estimated amount of demurrage charges has been introduced.

4. As regards the observation of the Committee regarding the need for upward revision of demurrage charges, matter was taken up with the Ministry of Railways. They have stated that the proposal of the Calcutta Port for enhancement of the demurrage rates to bring them at par with the rates in force on the Trunk Railways was sanctioned by the Ministry of Railways in 1981. Thereafter there has not been any revision of demurrage charges on Trunk Railways also. Demurrage is basically a deterrent against undue detention of wagons by the parties and is not to be treated as a source of revenue. In view of the facts mentioned above it will be appreciated that unless there is any revision of demurrage charges on the Trunk Railways it may not be possible to revise the Railway demurrage charges on the Calcutta Port Railways. Calcutta Port Trust also feels that the present rate of demurrage is already on the highside as compared to the rate of wagon hire charges. An upward revision of demurrage as a measure to off-set the impact of the liability of wagon hire charge may not be the real solution and instead may have a repelling effect on the trade.

[Ministry of Surface Transport, O.M. No. PR-19017/1/92-PG dated 1.4.1992.]

CHAPTER V

RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee also note that an arbitration award amounting to Rs. 50.15 lakhs is overdue for recovery by the Port Trust from Public Sector Undertaking since the last 8 years and the delay in recovery has been attributed to the cash flow constraints of the undertaking. It is desirable that the matter should be finalised expeditiously at an appropriately higher level to get the amount of claim recovered from the undertaking. The Committee would like to be apprised of the results.

[Sl. No. 3; Appendix II Para 13 of 157th Report of Public Accounts Committee (8th Lok Sabha)]

Action Taken

The matter relating to outstanding dues of M/s Braithwaite Company was taken up with the Department of Public Enterprises, Ministry of Industry. An Inter-Ministerial meeting was convened by the Ministry of Industry on 13.6.1989 in which the representatives of the Ministry of Surface Transport and M/s Braithwaite Company were also present. It was explained by the representative of the Company that due to financial difficulty, Company was not in position to clear its liability immediately. The Company had paid an amount of Rs. 27.08 lakhs. For payment of the balance amount, the matter is being pursued

[Ministry of Surface Transport, O.M. No. PR-19017/1/98-PG Dated 1.4.92]

NEW DELHI;
August 18, 1992

Sravana 27, 1914 (Saka)

ATAL BIHARI VAJPAYEE
*Chairman,
Public Accounts Committee.*

MINUTES OF THE 7TH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON 18 AUGUST 1992

The Committee sat from 1000 hrs. to 1045 hrs. on 18 August, 1992.

PRESENT

CHAIRMAN

Shri Atal Bihari Vajpayee

MEMBERS

Lok Sabha

2. Shri Girdhari Lal Bhargava
3. Shri D.K. Naikar
4. Shri Arvind Netam
5. Shri Kashiram Rana
6. Shri Pratap Singh

Rajya Sabha

7. Shri J.P. Javali
8. Shri Viren J. Shah
9. Shri Ram Naresh Yadav

SECRETARIAT

1. Shri S.C. Gupta —*Joint Secretary*
2. Smt. Ganga Murthy —*Deputy Secretary*
3. Shri K.C. Shekhar —*Under Secretary*

REPRESENTATIVES OF AUDIT

1. Shri D.S. Iyer —Addl. Dy. C&AG
2. Shri U.N. Annathan —Addl. Dy. C&AG
3. Shri P.K. Bandyopadhyay —Pr. Director (Indirect Taxes)
4. Shri A.K. Banerjee —Pr. Director (Reports-Central)
5. Shri K. Muthukumar —Pr. Director of Audit Economic & Service Ministries
6. Smt. Ruchira Pant —Director (Customs)

7. Smt. Minakshi Ghosh —Director of Audit

2. The Committee took up for consideration the following draft Action Taken Reports:

(i) Calcutta Port Trust (Action taken on 157th Report of the PAC
(8th Lok Sabha)

(ii)	***	***	***	***
(iii)	***	***	***	***
(iv)	***	***	***	***
	***	***	***	***

3. The Committee adopted the draft report at (i) above without any amendment.

4. The Committee authorised the Chairman to finalise the draft Action Taken Reports in the light of the above modifications and other verbal and consequential changes arising out of factual verification by Audit and present the same to both the Houses of Parliament.

5. *** *** *** ***

The Committee then adjourned.

APPENDIX

Statement of Conclusions / Recommendations

S. No.	Para No.	Ministry / Deptt. concerned	Recommendations / observations
1	2	3	4
1	1.6	Ministry of Surface Transport	<p>The Committee note that the development of traffic of salt by sea was recommended by a study team (Bhatia Committee) constituted by the Planning Commission in September 1964 and that having accepted the recommendations of this Committee, steps were taken to provide a separate dock complex at Haldia for handling salt and sulphur in 1976. However, there is practically no salt traffic at present. The Committee, however, find from the reply given that the present stand of the Government is the same as was given when the Committee examined the matter. The Ministry, however, has failed to take note that these factors were well within the knowledge of the Study Team constituted by the Planning Commission which recommended traffic of salt by sea. It is also noticed that the Planning Commission does not seem to have been consulted at any stage after the initial clearance for the scheme was obtained. Having set up a separate dock complex at Haldia for handling salt at enormous investment, it is incumbent on the Ministry to ensure that the facilities are utilised to the maximum and for the same, all means including grant of subsidy should be taken by Government. In the circumstances the Committee do not accept the stand taken by the Ministry of Surface Transport in their Action taken note and reiterate their earlier recommendation. The Committee also recommend that the matter relating to encouragement to transport of salt by sea needs</p>

1	2	3	4
			to be thoroughly examined in consultation with the Planning Commission, concerned Chambers of Commerce etc. and necessary follow-up action taken.
2	1.9 Ministry of Surface Transport		The Committee are unhappy to note that out of the arbitration award amounting to Rs. 50.15 lakhs, it has so far been possible to recover only an amount of Rs. 27.08 lakhs from the Public Sector Undertaking. Due to financial difficulty, the company is stated to have not been in a position to clear its liability. The Committee reiterate that the matter relating to the recovery of the outstanding amount of Rs. 23.07 lakhs which has already been inordinately delayed should be pursued more vigorously at an appropriately higher level.
3.	1.12 Ministry of Surface Transport		The Committee are concerned to note that the position about the recovery of outstanding amount of demurrage charges billed by the Port Trust on its clients, is still not satisfactory as an amount of Rs. 37.51 lakhs has been stated to be outstanding as on 21.3.1992 of this an amount of Rs. 27.05 lakhs relate to the Government parties and the balance of Rs. 10.46 lakhs to the private parties. According to the action taken notes, serious difficulty is being faced in recovering the amounts due from Defence units and organisations like Food Corporation of India. The Committee recommend that an inter-ministerial coordination mechanism at Secretary level be evolved to ensure that port dues are paid in time by all public sector undertakings and Government Departments. Concerted efforts should also be made to effect the recoveries from the private parties.
