

SECOND REPORT
PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(EIGHTH LOK SABHA)

METRO RAILWAY, CALCUTTA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action Taken on 55th Report (Seventh Lok Sabha)]

Presented in Lok Sabha on— **24 AUG**

Laid in Rajya Sabha on— **24 AUG**

LOK SABHA SECRETARIAT
NEW DELHI

July, 1985 / Sravana, 1907 (Saka)

Price : Rs . Rs. 2.05

CORRIGENDA TO THE SECOND REPORT
OF PUBLIC ACCOUNTS COMMITTEE
(8 L.S.)

<u>Page</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(iii)	4	Eraso	Erasu
1	32	sitting	sittings

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations/Observations that have been accepted by Government	4
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from Government	14
CHAPTER IV Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration	15
CHAPTER V Recommendations/Observations in respect of which Government have furnished interim replies	26
APPENDIX Statement of Recommendations and Observations	27

PART II

Minutes of sittings of the Public Accounts Committee (1985-86) held on	29
24-6-1985	
27-6-1985	

PUBLIC ACCOUNTS COMMITTEE
(1985-86)

CHAIRMAN

Shri Eraso Ayyapu Reddy

MEMBERS

Lok Sabha

2. Shri J. Chokka Rao
3. Shri Amal Datta
4. Shri Ranjit Singh Gaekwad
5. Shrimati Prabhawati Gupta
6. Shri Harpal Singh
7. Shri Vilas Muttemwar
8. Shri G. Devaraya Naik
9. Shri Rameshwar Nikhra
10. Shri Raj Mangal Pandey
11. Shri H. M. Patel
12. Shrimati Jayanti Patnaik
13. Shri S. Singaravadival
14. Shri Simon Tigga
15. Shri Girdhari Lal Vyas

Rajya Sabha

16. Shrimati Amarjit Kaur
17. Shri Nirmal Chatterjee
18. Miss Jayalalitha
19. Shri Ghulam Rasool Kar
20. Shri Chaturanan Mishra
21. Shri K. L. N. Prasad
22. Shri Ramanand Yadav

SECRETARIAT

1. Shri N. N. Mehra—*Joint Secretary*
2. Shri K. H. Chhaya—*Chief Financial Committee Officer*
3. Shri Krishnapal Singh—*Senior Financial Committee Officer*

INTRODUCTION

1. I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this 2nd Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 55th Report (Seventh Lok Sabha) relating to Metro Railway, Calcutta.

2. In their 55th Report, the Committee had *inter alia* dealt with a case of changes in the scope of the work and construction methodology in contract section 2 and the extra contractual payments of more than Rs. 29 lakhs by the Railways. The Committee had recommended investigation by a high powered body independent of the Railway Board with a view to fixing responsibility and taking necessary action against those found guilty.

3. In this Report, the Committee have expressed their dissatisfaction with the Report of the one man body appointed in pursuance of the recommendations of the Committee. The Committee feel that the scope of enquiry by the one man body has not at all met with the intention of the Public Accounts Committee, inasmuch as that body has concluded that 'no indulgence was shown to M/s. Forward Engineering Syndicate and no undue benefit accrued to them'. The Committee have made it clear that it is not open to any departmental commission to sit over judgement on the findings of the Public Accounts Committee and act as an appellate authority and practically set aside the PAC's Report already made to Parliament.

4. The Committee have reiterated their earlier findings and desired that the matter be gone into afresh by an independent expert committee consisting of not less than three persons, including a financial expert, with a view to fixing responsibility and taking necessary action against those found guilty.

5. The Committee considered this Report at their sittings held on 24 and 27 June, 1985. The Committee adopted this Report at their sitting held on 27th June, 1985. Minutes of the sitting form Part II of the Report.

6. For facility of reference and convenience, the recommendations and observations of the Committee have been printed in thick

(vi)

type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

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

NEW DELHI;
23 July, 1985
1 Shrawana, 1967 (S)

ERASU AYYAPU REDDY,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the Committee's recommendations|observations contained in their 55th Report (Seventh Lok Sabha) on paragraph 13 of the Report of the Comptroller and Auditor General of India for the year 1978-79, Union Government (Railways) relating to Metro Railway, Calcutta.

2. The Committee's Fifty-Fifth Report (Seventh Lok Sabha) was presented to Lok Sabha on 11 September, 1981. It contains 24 recommendations|observations. Action Taken Notes on all these recommendations|observations have been received from the Government and these have been broadly categorised as follows:—

- (i) *Recommendations/Observations that have been accepted by Government:—S. Nos. 1 to 7, 23 & 24.*
- (ii) *Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from Government:—Nil.*
- (iii) *Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration:—S. Nos. 8 to 22.*
- (iv) *Recommendations/Observations in respect of which Government have furnished interim replies:—Nil.*

3. The Committee now deal with the action taken on some of their recommendations|observations.

Indulgence shown to a contractor giving them undue benefits (S. Nos. 8 to 22, Paras 1.80 to 1.193)

4. In their 55th Report (7th Lok Sabha), the Public Accounts Committee had deplored the indulgence and extra consideration shown by the Railway Administration to a certain contractor viz. M/s. Forward Engineering Syndicate, Calcutta, whereby the firm had taken undue benefits at various stages, in the award of the contract and its execution. The Committee had highlighted and pin pointed several such instances of undue concessions and favours shown to

the said contractor. The Committee had recommended investigation into such malpractices by a high powered body independent of the Railway Board with a view to fixing responsibility and taking necessary action against those found guilty. The Ministry of Railways have intimated in their action taken note that a one-man High Powered Body, consisting of Shri V. R. Vaish, retired Director General of C.P.W.D. and later consultant to D.D.A., was constituted with the approval of the Minister of Railways, for investigating and fixing responsibility and taking necessary action against those found guilty.

5. The Ministry of Railways have submitted in their action taken note that the said Enquiry Committee in this Report have "established that no indulgence was shown to M/s. Forward Engineering Syndicate and no undue benefit accrued to them." They have added that the findings of the one man Body have been accepted by the Ministry of Railways.

6. The Public Accounts Committee have perused the action taken notes of the Ministry of Railways and the Report of the one man Body consisting of Shri Vaish. The Vaish Report has not brought out any new facts or circumstances which this Committee did not have. This Committee had considered these very facts and circumstances and made their observations based thereon. However, the one man Body has come to just the opposite conclusion that "no indulgence was shown and that no undue benefit accrued" to the firm. The Committee had gathered the impression that indulgence was shown to the contractor who had quoted firm and lower rates only to secure the contract. In the absence of any new facts brought out in support of the findings drawn by the one man High Powered Body, the Report of this Body does not dispel the impression formed by the Committee earlier. The Committee are not satisfied with the Report of the said one man Body. The Committee feel that the scope of enquiry by the Vaish Committee has not met with the intention of the PAC. Findings, which were already established by the Audit and accepted by the Committee, have been brushed aside by the Vaish Committee without bringing in any fresh data. The PAC reiterate their earlier findings that the changes in the scope of the work and the construction methodology as also the extra contractual payments sanctioned during the execution of the contract resulted in undue benefit accruing to the contractor. Some of the decisions taken from time to time appear to be of dubious nature.

7. The Committee make it clear that it is not open to any departmental commission to sit over judgement on the findings of the PAC and act as an appellate authority and practically set aside the PAC's Report made to Parliament.

8. The PAC's direction was to the effect that the matter should be investigated "with a view to fixing responsibility and taking necessary action against those found guilty." The Committee reiterate the above recommendation. The Committee consider that the matter needs to be gone into afresh by an independent expert Committee consisting of not less than three persons including a financial expert for the above purpose. That Committee may identify the persons responsible for the above mentioned irregularities and fix responsibility therefor. The matter should be placed before the Minister of Railways and the Committee should be informed of the action taken within six months.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendations

1.174 The Committee note that Calcutta's Metro Railway Project was sanctioned by the Railway Board at an estimated cost of Rs. 140.30 crores on 1st June, 1972 and the construction work was formally inaugurated by the Prime Minister on 29th December, 1972. According to the original target, the project was to have been commissioned by 1978 as envisaged in the Project Report of 1971. Although more than three years have elapsed, the country's first underground railway is nowhere near completion. The Committee are distressed to find that upto date progress on the project till 28 February, 1981 was only 27.5 per cent. The work is now proposed to be completed in two phases; the first phase that covers the distance from Dum Dum to Shyambazar and Tollygunj to Esplanade is expected to be completed before the Sixth Plan Period is over i.e. by 31 March 1985. The second phase which will cover the completion of the track from Shyambazar to Esplanade and the opening of the whole line is expected to be completed by 31 March 1987. If the present progress of work is any indication, the Committee cannot but express their scepticism about the completion of the entire project even by March 1987 as is now envisaged.

1.175 Considering the importance of the project for the city of Calcutta and the disruptions and inconveniences for the people involved during the execution of such a project in a thickly populated area, the Committee cannot but reach the conclusion that there has been inordinate delay in progressing the Project. Apart from other things the delay has also pushed up the cost of the project several fold. The Committee were shocked to learn that the main reason for the delay in completing this project was lack of funds. The Committee fail to appreciate why after having taken a well considered decision to go in for such a vital project, adequate finances were not made available to the project authorities for completing the work in time. The Committee have no doubt that the allocation of funds for the project has been made in relatively small doses

over the years. Between 1972-73 and 1980-81, the total projected requirements of funds worked out to Rs. 140.30 crores. Against these projections, the total amount allotted and actually spent was only Rs. 88.42 crores. That the amount actually spent bears only an insignificant proportion to the total estimated cost of the project is clear from the fact that against the estimated cost of Rs. 140.30 crores as envisaged in the Project Report, the project was now estimated to cost more than Rs. 526 crores on 1980-81 level of prices. Further escalation cannot be ruled out keeping in view the present trend of prices. This is a distressing state of affairs. The Committee desire that the matter may be reviewed at the highest level and at least now a time-bound schedule may be laid down for the completion of the project at the earliest. It should also be ensured that shortage of funds is not allowed to hamper the further progress of the project.

[S. Nos. 1 & 2 (Paras 1.174 & 1.175) of Appendix II to 55th Report of PAC (7th Lok Sabha)]

Action Taken

The Committee's scepticism about the completion of the entire project by even March 1987 is noted. As desired a time bound schedule has been laid down and every effort is being made to ensure that there is no further slippage. Monitoring Cells both at the G.M.'s level and at the Board's level have been strengthened. It is also being assured that the progress of the project does not suffer for want of funds any more.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 81-B(C)-
PAC/VII/55 dated 27-7-1984]

Recommendations

1.176 A disquieting feature that came to notice was that since the commencement of the work on Calcutta Metro Railway in 1972, as many as five General Managers had been appointed. From amongst the first four incumbents, who all retired on superannuation, two General Managers had short stints of about a year each while the third General Manager worked on the Metro Railway project for less than two years. Similarly as many as five Chief Engineers have been associated with the project from time to time. The Committee fail to understand why senior persons who are on the verge of retirement are selected for such important positions. The Committee have taken note of the statement of the Chairman, Railway

Board that in the context of the extent rules of promotion etc. on the Railways it was not possible to overlook a senior man in the interest of continuity. The Committee nevertheless feel that it should be administratively possible to appoint General Managers or Chief Engineers who can continue on the job for a long time, preferably from the beginning of a project till the entire project is completed. Such practice will not only ensure continuity of administrative set-up but will also go a long way in imparting a sense of involvement and responsibility in the minds of the incumbents. Creation of ex-cadre posts of General Managers especially for such a project which is being executed by the Railways on agency basis, could also be considered. The matter may be examined in depth to lay down proper guidelines for the future.

1.177 In regard to the technical know-how available in the country for the execution of Metro Railway project, the Chairman, Railway Board admitted that the Railways had 'Zero Experience' in this line. Further, even though 49 officers were sent abroad to have first hand knowledge of the methods of construction of under ground Railways, none of them was required to make special studies of basic subjects like tunnelling in sub-soil conditions of Calcutta and sheet piling in particular. In the absence of such studies in the first instance, lots of difficulties had to be encountered; for example sheet piling had to be given up ultimately resulting in extra expenditure. The Committee are surprised to note that out of 49 officers sent abroad 16 officers were not directly concerned with the Metro Railways 7 officers were transferred out of the Metro Railway and are at present not working in the project. This has resulted in gross wastage of public money and also wastage of the expertise gained by them and no benefit accrued to the project as a result of this visit. The Committee would like to express their strong dissatisfaction at this wrong selection of officers being sent abroad to have first hand knowledge of the methods of construction of underground Railways.

[S. Nos. 3 & 4 (Paras 1.176 & 1.77) of Appendix II to 55th Report of PAC (7th Lok Sabha)]

Action Taken

The Ministry entirely agree with the views of the Committee. For such projects, continuity of persons in important management posts is essential for its efficient management. This has been kept

in view while doing the new postings in the higher management cadre viz. C.Es., G.Ms. etc.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 81-B(C)-
PAC/VII/55 dated 27-7-1984]

Recommendations

1.177(A) Surprisingly the question of inviting global tenders for the construction work was not considered. The construction work in various Contract Sections was entrusted to the local construction firms who had no prior experience of this type of work. It is relevant to recall that while dealing with the tenders for Contract Section 2 in 1973, the Tender Committee had *inter alia* observed: "As no Indian firm with experience of MRTS construction in a city is available and it had not been considered necessary to invite any global tender, the choice has necessarily to be made from amongst firms who have tendered for this work in spite of scepticism inherent in having to entrust the very first work of its kind to a firm which does not have any direct experience of MRTS Subway work". Since the construction of under ground railway was the first project of its kind to be undertaken in the country and the Railway had zero experience in this line and even though Russian collaboration had been sought in drawing up the project report, the question why global tenders were not invited for construction work calls for proper explanation.

1.178 The Committee are of the view that by inviting global tenders the Administration could have at least a better idea of the reasonableness and competitiveness of the rates quoted by various tenderers particularly when there was no precedent for rates as the work was being done for the first time. It is interesting to note that for the contract Section 2, the estimated value of work was originally shown as Rs. 175 lakhs in the tender documents whereas the value of the accepted tender was Rs. 259.92 lakhs. This tender was accepted because it was the lowest offer. Otherwise the Railways had no means to consider the competitiveness and reasonableness of the rates quoted by the lowest tenderer. This is by no means a happy state of affairs. The Committee wish the Administration had been more circumspect and careful in preparing detailed estimate before accepting the tenders.

[S. Nos. 5 & 6 (Paras 1.177(A) & 1.178) of Appendix II to 55th
Report of PAC (7th Lok Sabha)]

Action Taken

The Committee's observations made in regard to not inviting global tenders have been noted. Care is also being taken to ensure that global tenders are resorted where indigenous technology is not available.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 81-B(C)-PAC|VII|55 dated 27-7-1984]

Recommendation

Another important point that struck the Committee was the absence of a provision in the works contracts for giving a price preference to public undertakings in the matter of award of such contracts. The Committee were informed that the original orders for price preference for the Public Undertakings covered only stores contracts and no price preference was prevailing for 'works' tenders during 1973 in favour of Government enterprises though as pointed out by the Financial Commissioner Railways during evidence 'the spirit of that (stores contracts) could be applied to (works) contracts also'. With effect from April, 1981 the Ministry of Railways are stated to have intimated the General Managers of the Railways that price preference for Government enterprises will henceforth be applicable in cases of "works" contracts also. The Committee desire that specific instructions on the subject should be issued by the Ministry of Finance (Bureau of Public Enterprises) and circulated to all Ministries and Departments for compliance.

[S. No. 7 (Para 1.179) of Appendix II to 55th Report of PAC (7th Lok Sabha)]

Action Taken

The Committee's recommendations have since been communicated* to Ministry of Finance for implementation as desired.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 81-B(C)-PAC|VII|55 dated 27-7-1984]

*See Enclosure.

ENCLOSURE

No. 3(12)/81-BPE(GM-I)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

*Bureau of Public Enterprises**New Delhi, the 30th October, 1981*

OFFICE MEMORANDUM

SUBJECT.—*Action taken on the recommendations contained in the 55th Report (7th Lok Sabha) of the Public Accounts committee.*

The undersigned is directed to refer to the Lok Sabha Secretariat endorsement to O.M. No. 29/1/6/80-PAC dated 11-9-1981 on the above subject. In reply to para 1.179 of the said Report pertaining to Metro Railway, Calcutta the Bureau has issued instructions regarding purchase/price preference for products of public sector enterprises in the matter of purchases by Government Departments etc. vide O.M. No. GL-008/80/23-1/80-BPE(MM) dated 17th June, 1981 (copy enclosed), the BPE has further clarified that the policy outlined in its earlier O.M. dated 15-10-1980 is also applicable to public sector construction and service enterprises. The instructions contained in the above Office Memoranda have been communicated to all Ministries/Departments of Government of India and Chief Executives of Public Sector Enterprises. In view of the action already taken, no fresh instructions appear necessary on the subject.

Sd/-

(KRISHNA CHANDRA)

Joint Director, Bureau of Public Enterprises

Tel. No. 43730

Lok Sabha Secretariat,

(Shri K. K. Sharma, Sr. Financial Committee Officer),

New Delhi.

No. GL-008/80/23-1/80-BPE-MM

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Bureau of Public Enterprises

New Delhi, the 15th October, 1980

OFFICE MEMORANDUM

SUBJECT.—*Purchase/Price preference for products of public enterprises in competition with private sector undertakings in the matter of purchase by Government Department etc.*

A reference is invited to the O.M. No. BPE/GL-023/8-MM dated 13-7-1978 and GL-016/77-BPE/MM dated 15-6-1977 both on the subject of purchase and price preference. Government have reconsidered the present policy and have decided that the following considerations shall be kept in view in purchases henceforth by public sector undertakings and Government Departments:

- (a) Investments in the public sector are made on overall grounds of public policy. Public enterprises have to be made viable and the capacities created should be utilised to the fullest extent. Ministries, Government departments and public sector undertakings should, therefore, invariably purchase their requirements from public enterprises wherever such undertakings are able to meet the demand. Quality requirements and reasonable delivery Schedules should of course be enforced.
- (b) Subject to negotiations for an agreement on price, price preference not exceeding 10 per cent will be admissible to public sector undertakings.
- (c) In exceptional circumstances where a public sector undertaking requires a price preference of more than 10 per cent, the purchasing Ministry or department and the concerned undertaking should endeavour to reach an agreement by negotiation.
- (d) Where negotiations in regard to (c) above do not succeed, the cases should be submitted to the Cabinet Committee on Economic Affairs for a decision.

- (e) Price preference upto 10 per cent cannot be taken for granted. Every effort should be made to bring down cost and achieve competitiveness.

Sd/-

(P. K. BASU)

Director General, Bureau of
Public Enterprises and
Additional Secretary to the
Government of India.

To:

All Ministries/Department of Government of India.
All Chief Executives of Public Sector Enterprises
All I.F.A.s
SCOPE

No. 23/1/81-BPE/MM

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Bureau of Public Enterprises

Mayur Bhavan, Connaught Circus,
New Delhi, the 17th June, 1981.

OFFICE MEMORANDUM

SUBJECT.—*Purchase/Price Preference for products of Public Enterprises in competition with private sector undertakings in the matter of purchase by Government Departments etc.*

Reference is invited to the Bureau of Public Enterprises O.M. No. GL-008/80/23-1/80-BPE-MM dated October 15, 1980, on the above subject. Clarifications have been sought in the past by certain public sector enterprises, Government Departments etc., whether the policy is also applicable to the Construction and the Service Enterprises. It is hereby clarified that the policy contained in the Bureau's O. M. dated 15-10-1980 referred to above, is also applicable to the Public Sector Construction and Service Enterprises.

Sd/-

(S. L. DUTT)

Deputy Secretary to the Government
of India

To:

All Ministries/Department of Government of India.
 All Chief Executives of Public Sector Enterprises
 All I.F.A.s
 SCOPE

Recommendations

1.194. After reviewing the progress of the work in the Metro Railway Project, Calcutta, the Committee would like to make the following further recommendations:

- (i) In heavy investment—oriented projects like Metro Railway Project, where indigenous expertise is not available, global tenders should be called for as a matter of general policy so as to judge the competitiveness and reasonableness of the prices quoted by the tenderers;
- (ii) Where projects of such national importance are once sanctioned adequate funds should be provided in time and it must be ensured that the progress of such projects do not suffer for want of funds. The Committee would like that the progress of such projects should be watched by a monitoring cell in the concerned Ministry and corrective measures be taken in time to ensure that the project is completed within the target date;
- (iii) A separate project appraisal report in respect of Metro Railway should be placed before Parliament every year. Such report should indicate clearly the physical and financial targets, progress made during the year and the reasons for delay, non-fulfilment of targets etc. This report should be made available before the debate on demands for grants relating to the Ministry of Railways so that Parliament is kept fully apprised of the progress of the project;
- (iv) While awarding contracts for such major works it should be ensured that the parties to whom the contracts are awarded have the proven expertise and capacity to complete the work in time. Firm contracts for such works should be entered into and no deviation should be allowed thereafter;

- (v) For such critical projects, Government must ensure timely supply of essential inputs like steel and cement. The Ministries of Steel and Industry should earmark special quotas of steel and cement for the project after discussing the schedule of requirements with the Ministry of Railways. If matching steel is not available indigenously, necessary arrangements for the importation of the same be made to ensure completion of work as per schedule.

1.195 It has been brought to the notice of the Committee by the Convener of the Working Group III (Railways and P & T) that extensive damage has been caused to the buildings on both sides of the road where tunnels for the Metro Railways are being dug. This has created an apprehension in the minds of the residents of the area. The Committee desire that the matter should receive the immediate attention of the Ministry of Railways (Railway Board) and necessary corrective measures in the matter be taken so as to allay the apprehension of the people of the area.

[S. Nos. 23 & 24 (Paras 1.194 & 1.195) of Appendix II to 55th Report of PAC 7th Lok Sabha].

Action Taken

Noted. Necessary corrective measures have since been initiated so as to allay apprehension of the people of the area. All precautions are being taken to ensure that the damages to the buildings are kept to the minimum. Where necessary, evacuation of the buildings is being arranged. The entire operation is being closely monitored.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 81-B(G)-PAC/VII/55 dated 27-7-1984].

CHAPTER III

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

Nil

CHAPTER IV

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

Recommendations

1.180. The Committee find that the Metro Railway Administration invited open tenders for construction of sub-way structures to form sub-way tunnels for carrying railway lines in Contract Section 2 between Dum Dum and Belgachia stations at an estimated cost of Rs. 175 lakhs. Out of the seven firms which quoted against the tenders the offers of firm 'A' (M/s. Forward Engineering Syndicate, Calcutta) and firm 'B' (M/s. National Projects Construction Corporation Ltd.—a public sector undertaking) were found in order. The offer of firm 'A' which was lowest in terms of value was accepted as this was considered "reasonable taking the tender as a whole". The difference between the offers of firm 'A' which was accepted and firm 'B' which could not be accepted was only Rs. 9.61 lakhs i.e. about 4 per cent more than the accepted offer of Rs. 265.19 lakhs of firm 'A'. If the price preference provision had been invoked and the contract had been awarded to the firm 'B'—the public sector undertaking—much of the extra expenditure and delay involved in dealing with firm 'A' could have perhaps been avoided. "Even otherwise, as the difference in the rates quoted by the firm 'A' and 'B' was insignificant and as the railway administration have powers to accept the higher offer in any deserving case, the railway administration could have accepted the offer of firm 'B' particularly when it was a public sector undertaking and had better accountability".

The Committee's scrutiny of the execution of works by firm 'A' in Contract Section 2 reveals several instances of undue concessions and favours shown to the contractor namely M/s. Forward Engineering Syndicate, Calcutta. These cases are discussed in the subsequent paragraphs.

1.181. It is seen that the contract entered into with M/s. Forward Engineering Syndicate, Calcutta in March, 1974 for sub-way structure works between Dum Dum and Belgachia Stations stipulated completion of the entire work within 36 months i.e. by 5th March.

1977. However, the work from Km. 1.118 to Km. 1.452 (Phase 1) was to be given priority and completed in 18 months i.e. by 5th September, 1975. According to the Audit paragraph the time was to be the essence of the contract, which was a firm price contract and no escalation was permissible. The Committee find that in September, 1975 when the progress on the work was only 18 per cent, the firm wrote to the Railway Administration asking for increase in rates stating *inter alia* that the prices had increased by more than 40 per cent since the award of the contract and it was a mistake on its part to have quoted firm rates for such a costly venture. The Railway Administration initially held that since the contract was a firm price one, the firm's claim was extra contractual and therefore, the Railway Administration had no contractual obligation to grant any enhancement in the accepted rates. It further held that the increasing trend of price indices was clearly discernible even at the tender stage and as the firm did not quote any escalation clause in the tender, not did it insist for its introduction at the stage of negotiations, its rates must have included sufficient cushion to cover market fluctuations. However, as the firm had been repeatedly representing to the Railway Board and the Minister of Railways it was ultimately recommended by the Railway Administration to grant a price escalation subject to a ceiling limit of 15 per cent of the net value of the contract "to meet the ends of justice" although the firm's claim for escalation was not contractually tenable and the Railway Administration had initially rejected the firm's claim outright.

1.182. Not only the Railway Board agreed to the firm's claim for escalation, which had not been provided for in the contract, the Railway Board also authorised payment of Rs. 10 lakhs on an ad-hoc basis, as requested by the firm, to be adjusted against the extra contractual amount that might be found due to it by way of escalation. The Committee find that this ad-hoc payment was authorised without a specific finding that an amount not less than Rs. 10 lakhs had become due as escalation for reasons beyond the contractor's control. The ad-hoc payment was made in April, 1979 but no exercise had been made till April, 1980 to assess the exact amount due to the firm by way of escalation.

1.183. Why this indulgence was shown to this firm alone is intriguing particularly in view of the fact that when the contractor in Contract Sections I & II which were also firm price contracts, requested for an escalation, their requests were summarily rejected by the Administration. One of the main reasons adduced by the Railway Board for agreeing to the firm's request for escalation was that "in order

to prevent the contractor from abandoning the work, he had to be dealt with fairly; the Railway could ill afford cessation of the work at that stage, as it would have delayed prototype trials and resulted in continued inconvenience to public". Unfortunately, the work was still dragging on and had not been completed even after four years of the original date of completion. Further, if the amount of escalation allowed to the firm is taken into consideration, the firm's offer became costlier vis-a-vis the public sector undertakings offer which had been rejected having been considered costlier. The Committee get the impression that this firm had quoted firm and lower prices only to secure the contract and after having secured the contract arranged to get the Railway Board to agree to an escalation which cost the exchequer an additional expenditure of Rs. 10 lakhs.

1.184. As stated earlier time was to be the essence of this particular contract as the work had to be completed within a scheduled time-frame to enable prototype trials being held in the section. The firm however approached the Railway Administration from time to time for seeking extensions for completion of the work which were readily agreed to. Instead of holding the contractor responsible for not completing the work within the stipulated period, the firm was allowed to get away with extensions of time as also additional payments in the form of escalation. Liberal extensions of time allowed to the contractor led to escalation of costs which when claimed by the contracting firm was also liberally considered and paid. Looking to the circumstances as a whole, it is clear that the Railway Board did not take adequate steps to safeguard the public interest.

1.185. The Committee find that according to the tender conditions the sub-way structures were to be constructed *inter-alia* by using sheet piles as support walling. This methodology had been conceived as per project report, which envisaged extraction of sheet piles and re-using them. Actually sheet pile work consisted of three different operations namely first driving, extraction and redriving of extracted sheet piles and the rates contracted for sheet piling work were joint rates for all the three operations. It is seen that out of seven firms which had quoted against the tender, the offer of M/s. Forward Engineering Syndicate, Calcutta was in accordance with the tender conditions stipulated by the Railway Administration and after negotiations the revised negotiated offer of this firm at a total value of Rs. 259.92 lakhs was accepted by the Railway Board in January, 1974. During the execution of the contract, the scope of work was so modified that certain items of work required to be performed by the contractor were dispensed with. However the rates

settled with the contractor were neither modified for renegotiated with the result that undue benefit accrued to him.

1.186. According to the project report prepared in 1971, no difficulty on the extraction of sheet piles and reusing them was anticipated. However, at the time of inviting tenders in November, 1972 the technical advice available was against it. The Committee observe that the Soviet Consultants had stated during the discussions held in December 1971 that, in cases where sheet piles were driven close to structures and damages to structures were anticipated, it would be wise to leave the sheet piles buried in the ground as their extraction might lead to ground loss and settlement of buildings. Despite this expert advice and the information available in technical literature that in the case of deep excavations sheet piles cannot be recovered due to deformation, as also absence of any studies by the Railway Administration regarding the feasibility of extraction of sheet piles under the Calcutta soil conditions, the Railway Administration invited tenders in November 1972, stipulating extraction of driven sheet piles in Contract Section 2 which lay in one of the most crowded localities of Calcutta. Again, in June 1974 another Soviet Team stated that in USSR sheet piles were not extracted. Though the letter of acceptance had been issued to the contractor in March, 1974 and the work of driving sheet piles had not started by June, 1974 but the Administration took no action either to modify the scope of the contract by deleting the work of extraction of driven sheet piles and carrying out necessary changes in the conditions of the contract or to renegotiate the rates for this item of work keeping in view the earlier discussions about higher rates quoted by this firm for first driving of piles. Soon after the driving of the sheet piles the contractor started representing that the extraction of the sheet piles was not feasible. The Audit para brings out that after examining the contractor's repeated submissions regarding non-feasibility of extraction of sheet piles, the Chief Engineer of the Metro Railway proposed in March, 1977 that the sheet piles already driven be left in position as the extraction and reuse of Sheet piles was impracticable, even though in March, 1976, the Engineer-in-Charge had observed that the method of extraction adopted by the contractor, though slow, was practical and safe. The Committee fail to understand why in the face of overwhelming opinion against it, the Railway Administration decided to continue with extraction and reuse of sheet piles. That this was technically not a sound proposition has now been conceded by the Railway Board and the Committee find that in a subsequent tender, item for extraction of sheet piles was not provided for the same reason.

1.187. The decision regarding abandonment of the extraction of sheet piles had serious financial implications, which were unfortunately overlooked by the Railway Administration. The rates of payment for sheet pile driving were inclusive of the cost of sheet piles and were based on the assumption that the sheet piles would be extracted and reused. However, when the extraction of sheet piles was abandoned, the rate structure for driving of sheet piles was not reviewed and revised, thereby giving the contractor undue financial benefit, which has been calculated by Audit to amount to Rs. 7.45 lakhs. Further this change in the scope of the work led to vitiation of the original tenders as it resulted in operating on the 1st driving rate for the whole work done by sheet piles. After the Administration decided to leave the sheet piles buried in the ground, the occasion for second driving for which a lower rate had been quoted by the contractor, did not arise but the payments for the entire sheet pile work were made at the higher rate applicable to first driving.

1.188. Another serious flaw that came to notice was the defective method of evaluating the tender quotations in this case. It has been observed that so far as sheet piling works were concerned, the rate structure of M/s. Forward Engineering Syndicate, Calcutta was lower than that of the next higher tenderer namely M/s. National Project Construction Corporation. However this firm's rates for other bulk items of work such as earth work in excavation, RCC works etc. were much higher as compared to the other firm's rates. But the quantities of sheet piling work, as included in the tender, were of such magnitude that if the quantities of extraction and reuse of sheet piles were excluded from tender evaluation the offer of M/s. National Projection Construction Corporation would have become lower than that of M/s. Forward Engineering Syndicate. Again the rates quoted by M/s. Forward Engineering Syndicate for the first driving were significantly higher than the rates for the second driving although the nature of physical work involved in both the operations was the same. This obvious inconsistency in the rate structure of M/s. Forward Engineering Syndicate was known to the Railway Board. In fact the Tender Committee had been asked to go into the analysis of all the rates offered by this firm with a view to judge their reasonableness, but as the firm declined to give any analysis of the structure of its rates for sheet pile work, the Tender Committee could not form any accurate judgement as to the reasonableness of the rates and therefore concluded that the decision might have to be taken on the basis of reasonableness of the "overall value" of the tenders. The Committee cannot but express surprise at the

manner in which the case was dealt with both the Administration and the Railway Board.

1.189. According to the Audit para, the Railway Administration had maintained all along in this case that the tender had to be decided on the overall value and not on itemised rate basis. This decision of the Administration was not only contrary to the instructions issued by the Ministry of Railways in 1963 in regard to evaluation and consideration of tender documents but would appear to have been taken to accommodate this particular firm as the rate structure of the sheet piling work was such that the contractor derived undue benefit on the abandonment of extraction of sheet piles.

1.190. Another serious irregularity that came to notice was that amounts recovered from the firm towards the cost of material for temporary steel works were refunded to the firm prematurely, even before the entire material had been returned to the Railway Administration. This reimbursement was contrary to the provisions of the contract and has resulted in unwarranted benefit to the contractor to the extent of Rs. 1.40 lakhs in the form of interest. As to the reasons why premature refund was allowed even before the contractor had returned the materials, the explanation given by the Railway Board is very interesting. The Board has stated that, as per the provision in the agreement, the work was scheduled to be completed by 5th March, 1977. But extensions were granted for reasons beyond contractor's control and if reimbursement had not been made in those circumstances simply on the plea that materials had not been returned, a rigid application of the clause would have worked as penalty for no fault of his own and would have put the contractor to severe hardship. The Committee fail to understand why the Railway Administration was so concerned to look after the interests of the contractor even at their own cost. Although the contractor has been paid back his money, he has yet to return some of the materials in good condition. Value of steel materials yet to be returned was estimated to be Rs. 13.17 lakhs. The Committee would like to know whether the materials in question have since been returned by the contractor and if not what steps have been taken to get them back or recover the cost in lieu thereof.

1.191. Yet another irregularity notice in the execution of the work by the contractor was the extra payment made to him on account of splicing (jointing) of sheet piles. It is noted that the contract stipulated only the rates for driving sheet piles. It neither indicated the lengths in which the sheet piles would be supplied nor provided

a separate item of work for splicing (jointing) of sheet piles to make them of the desired lengths. During the execution of the work, the firm raised a dispute stating that its rates for driving sheet piles were not inclusive of the cost of splicing, for which it should be paid separately. Subsequently when the matter was referred to arbitration the Railway Administration had contended that splicing was inherent in this item of work and therefore the rates quoted by the firm for driving sheet piles were inclusive of splicing required. The Railway Administration's contention was not accepted by the Joint Arbitrators (who were Railway Officers), who gave an award in favour of paying the firm for splicing as a non-scheduled item of work. The Committee would like to know why this award was not challenged by the Railway Administration who had earlier held that splicing was inherent and hence included in the rate for driving sheet piles.

1.191A For payment to the firm for this non-scheduled item of work, the Railway Administration worked out a rate of Rs. 553.81 per joint, which was considered reasonable on the basis of a work study conducted by the Engineer-in-charge. This rate, at which the payment was made to the contractor, was however, much higher than the rate paid for similar nature of work in an adjoining Contract Section. It has been calculated by Audit that the extra benefit thus derived by the firm on this account works out to Rs. 5.50 lakhs. The Railway Administration's contention that the rates for splicing in Contract Section 2 and Contract Section 4A were not comparable is hardly tenable for the reason that the nature of the work involved was more or less the same. The only conclusion that can be drawn is that in this case also the rates, though stated to be based on actual work study, were so fixed that these resulted in undue benefit to the contractor.

1.192. Another point which only reinforces the suspicion that the Railway Administration had a soft corner for this particular firm, relates to the awarding of the contract for construction of diaphragm walls instead of sheet piling in the same contract Section 2. The Committee find that on 21st November, 1977 when 73.5 per cent of sheet piling had already been done the firm M/s. Forward Engineering Syndicate wrote to the Railway Administration that it had been verbally intimated by the Administration that it proposed to have the balance portion done by diaphragm wall method and in that event the firm would not prefer any claim for reduction in the quantity of work. The financial implications of this proposal were worked out by the Administration in November 1977 and in January, 1978 the Chief Engineer decided that limited tenders for

the work should be invited from only two firms readily available in the field at Calcutta. Against the limited tenders invited in January 1978 one firm, M/s. Rodio Hazrat who were holding a joint contract with M/s. Forward Engineering Syndicate in Contract Section 3A, quoted and the work was awarded to this firm at a cost of Rs. 25 lakhs on single tender basis. When asked how the rates quoted by this firm for the work in Contract Section 2 compared with the rates for similar works in other Contract Sections, the Railway Board stated that the rates quoted by this firm worked out slightly higher than the average rates quoted for such work in other sections. The quickness with which the proposal for change in methodology was conceived and the actual work was awarded on single tender basis to a firm having relations with M/s. Forward Engineering Syndicate gives rise to a suspicion about the bona fides of the deal.

1.193. From the foregoing paragraphs, it is clear that the changes in the scope of the work and the construction methodology as also the extra contractual payments sanctioned during the execution of the contract resulted in undue benefit accruing to the contractor. Some of the decisions taken from time to time appear to be of dubious nature. The Committee deplore the indulgence shown to this particular firm all along. They urge that the whole matter may be placed before the Minister for Railways for early investigation by a high powered body independent of the Railway Board with a view to fixing responsibility and taking necessary action against those found guilty. The Committee would like to be apprised of the action taken in this behalf.

[S. Nos. 8 to 22 (paras 1.180 to 1.193) of Appendix II to 55th Report of PAC (7th Lok Sabha)].

Action taken

As recommended by the Committee, a one man High Powered Body was constituted with the approval of the Minister for Railways with a view to fixing responsibility and taking necessary action against those found guilty. Shri V. R. Vaish retired Director General of CPWD presently Consultant to D.D.A. was appointed for this purpose. His report has since been received and a copy of the same is enclosed.* The findings are contained in para 13 of the Enquiry Committee Report. On perusal of this, it would be observed that it has been established that no indulgence was shown to M/s. Forward Engineering Syndicate and no undue benefit accrued to them.

*Not printed. Cyclostyled copies placed in Parliament Library

The findings of the One Man Body have been accepted by the Ministry of Railways.

This has been seen by the Audit who have made the following remarks:

"The action taken note on recommendation in para 1.193 of Public Accounts Committee's 55th Report has since been verified and our detailed remarks on the conclusions of the One Man High Powered Body against the various points made by the Public Accounts Committee are contained in the statement enclosed (See Annexure). The conclusion drawn by the Body are more in the nature of opinion than findings based on facts. Further, the High Powered Body has not brought out any new facts/circumstances which the Public Accounts Committee had not already taken into consideration. Based on these facts, the Public Accounts Committee had already stated that the Committee get the impression that indulgence was shown to the firm and that the firm had quoted firm and lower rates only to secure the contract. In the absence of any new facts in support of the findings drawn by the One Man High Powered Body, the Report does not seem to dispel the above impression."

Ministry of Railways comments of the Audit remarks are as under:

High Powered Body, as desired by the P.A.C. under Shri V. R. Vaish, Retired Director General, C.P.W.D. was kept independent of the Railway Board so as to draw conclusions in an unbiased manner after detailed examinations of concerned records, facts and figures. In view of the above, the findings of the Body which was independent and which has arrived at certain conclusions after detailed examination of various documents have been accepted by the Ministry of Railways.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/
VII/55 dated 27-7-1984]

ANNEXURE

Points made by P.A.C.	Conclusions of enquiry Committee	Comments
1. Grant of price escalation to the firm particularly when similar request of the contractor for Section I was summarily rejected by the Admin.	The decision of the Board to sanction escalation to the firm for the work done beyond the agreement period was fair and reasonable.	The One Man High Powered Body while noting that the claims of N. P. C. C. and M/s Chatterjee Polk Private Ltd. were rejected by the Railway Administration, has not given any fresh reasons as to why the claim of Forward Engineering Syndicate only should have been accepted as fair and reasonable. The point raised by the PAC viz. that Railways had shown indulgence to the firm not allowed to other firms when there was no contractual obligation on the part of the Railways does not appear to have been answered.
2. Payment of Rs. 10 lakhs on ad-hoc basis towards escalation in April, 1977 without making any calculations.	Sanction given by the Ministry of Railways (Railway Board) for an ad-hoc payment of Rs. 10 lakhs was justified.	The point raised by P. A. C. was that an ad-hoc payment was made in 1977 with any calculations. The Payment has been held to be justified on the basis of calculations made in April 1980 and this has also been already considered by P.A.C.
3. Liberal extension of time allowed to the contractor led to escalation costs which when claimed by the contracting firm were also liberally considered and paid.	I have examined the reasons about the extension of time. I do not consider that the extensions given were liberal and the contractor was responsible for the delays.	This is in the nature of an opinion. Based on the reasons for extension of time, the Public Accounts Committee had already opined that liberal extension of time allowed to the contractor had led to escalation in costs. (Para 1.184)
4. Change in the scope of work during the execution of the contract without negotiating the rates. Payment to the contractor for the entire sheet pile work at the higher rates.	The decision of the Railway Administration was quite justified and it cannot be assumed that at the time of award of work, they could have visualised that the piles will not be extracted.	The question raised by P. A. C. was that when the scope of work was changed, the Railway Administration made the payments without negotiating the rates for the changed items and the higher rates paid had vitiated the contract. While the enquiry committee has tried to compare the rates quoted by N. P. C. C. (which comparison is not relevant), it has not established convincingly that the rate for driving sheet piles without recovery should be the same as for driving sheet piles with 50 per cent recovery. The Railway Board themselves had stated vide reply to point No. 10 that the net payment made to the firm was Rs. 1180 per ton after the decision to buy the sheet piles. The rates quoted by the contractor for the first driving was Rs. 300 (Rs. 1400—1100) and for second driving Rs. 600. Allowing the rate of Rs. 600/- there is a net over payment of Rs. 580/- per tonne as pointed out in the audit paragraph. The comparison with other contracts is not relevant as the question raised by P. A. C. was that with the change in scope of work the Railways failed to renegotiate a lower rate.

5. Premature refund of the cost of materials loaned to the contractor.

The decision of the Railway Admn. for reimbursement was fair and equitable.

According to the terms of the contract reimbursement to the contractor was to be made after return of the materials by him. The Railway Administration, contrary to the provisions of the contract even before the materials had been returned, made refunds involving huge payments, which were not justified. The reasons which have been considered by one man high powered body for justifying the reimbursement have already been considered by the P. A. C.

CHAPTER V
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

NIL

NEW DELHI;

23 July, 1985

1 Sravana, 1907

ERASU AYYAPPU REDDY,

Chairman,

Public Accounts Committee.

APPENDIX

Recommendations and Observations

Sl. No.	Para No. (S)	Ministry/Department concerned	Recommendations/observations
1	2	3	4
1	6—8	Railways	<p>The Public Accounts Committee have perused the action taken notes of the Ministry of Railways and the Report of the one man Body consisting of Shri Vaish. The Vaish Report has not brought out any new facts or circumstances which this Committee did not have. This Committee had considered these very facts and circumstances and made their observations based thereon. However, the one man Body has come to just the opposite conclusion that no indulgence was shown and that no undue benefit accrued to the firm. The Committee had gathered the impression that indulgence was shown to the contractor who had quoted firm and lower rates only to secure the contract. In the absence of any new facts brought out in support of the findings drawn by the one man High Powered Body, the Report of this Body does not dispel the impression formed by the Committee earlier. The Committee are not satisfied with the Report of the said one man Body. The Committee feel that the scope of enquiry by the Vaish Committee has not met with the intention of the PAC. Findings, which were already established by</p>

the Audit and accepted by the Committee, have been brushed aside by the Vaish Committee without bringing in any fresh data. The PAC reiterate their earlier findings that the changes in the scope of the work and the construction methodology as also the extra contractual payments sanctioned during the execution of the contract resulted in undue benefit accruing to the contractor. Some of the decisions taken from time to time appear to be of dubious nature.

The Committee make it clear that it is not open to any departmental commission to sit over judgement on the findings of the PAC and act as an appellate authority and practically set aside the PAC's Report made to Parliament.

The PAC's direction was to the effect that the matter should be investigated 'with a view to fixing responsibility and taking necessary action against those found guilty'. The Committee reiterate the above recommendation. The Committee consider that the matter needs to be gone into afresh by an independent expert Committee consisting of not less than three persons including a financial expert for the above purpose. That Committee may identify the persons responsible for the above mentioned irregularities and fix responsibility therefor. The matter should be placed before the Minister of Railways, and the Committee should be informed of the action taken within six months.

PART II

MINUTES OF THE 5TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 24TH JUNE, 1985 (FORENOON)

The Committee sat from 11.00 hrs. to 13.15 hrs.

PRESENT

Shri E. Ayyapu Reddy—*Chairman.*

MEMBERS

2. Shri Amal Datta
3. Shri Ranjit Singh Gaekwad
4. Shrimati Prabhawati Gupta
5. Shri G. Devaraya Naik
6. Shri Raj Mangal Pandey
7. Shri H. M. Patel
8. Shrimati Jayanti Patnaik
9. Shri Simon Tigga
10. Shri Giridhari Lal Vyas
11. Shrimati Amarjit Kaur
12. Shri Nirmal Chatterjee
13. Shri Ramanand Yadav

REPRESENTATIVE OF THE OFFICE OF C & AG

Shri P. C. Asthana—ADAI (Railways)

SECRETARIAT

1. Shri K. H. Chhaya—*Chief Financial Committee Officer.*

3. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

2. The Committee considered their Draft Report on Action Taken by Government on the 55th Report of Public Accounts Committee (7th Lok Sabha) on Metro Railway, Calcutta. After some deliberations, the Committee directed that a part of the recommendations/portion might be suitably revised in the light of the suggestions/observations made by some of the Members of the Committee. The

Committee directed that a revised draft of the recommendations portion might be placed before them at their sitting to be held on Thursday, the 27th June, 1985.

5. The Committee also approved the modifications/amendments suggested by Audit as a result of factual verification of the aforesaid Reports.

The Committee then adjourned.

MINUTES OF THE 6TH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON 27-6-1985

The Public Accounts Committee sat from 11.00 hrs. to 14.00 hrs.
PRESENT

Shri Erasu Ayyapu Reddy—*Chairman*.

MEMBERS

2. Shri Amal Datta
3. Shri Ranjit Singh Gaekwad
4. Shri Raj Mangal Pandey
5. Shri H. M. Patel
6. Shrimati Jayanti Patnaik
7. Shri Girdhari Lal Vyas
8. Shrimati Amerjit Kaur
9. Shri Nirmal Chatterjee
10. Shri Ramanand Yadav

SECRETARIAT

1. SHRI K. H. Chhaya—*Chief Financial Committee Officer*.

3. SHRI Krishnapal Singh—*Senior Financial Committee Officer*.

II. Adoption of Action Taken Report on 55th Report of PAC (7L.S.)

3. The Committee considered and adopted their revised Draft Action Taken Report on 55th Report of Public Accounts Committee (7th Lok Sabha) on Metro Railway, Calcutta. The Committee approved the following revised draft for being added to the Report as their recommendations:

"6. The Public Accounts Committee have perused the action taken notes of the Ministry of Railways and the Report

***Other business transacted by Committee. Minutes relating thereto will form part of the relevant Report.

of the one man Body consisting of Shri Vaish. The Vaish Report has not brought out any new facts or circumstances which this Committee did not have. This Committee had considered these very facts and circumstances and made their observations based thereon. However, the one man Body has come to just the opposite conclusion that 'no indulgence was shown and that 'no undue benefit accrued' to the firm. The Committee had gathered the impression that indulgence was shown to the contractor who had quoted firm and lower rates only to secure the contract. In the absence of any new facts brought out in support of the findings drawn by the one man High Powered Body, the Report of this Body does not dispel the impression formed by the Committee earlier. The Committee are not satisfied with the Report of the said one man Body. The Committee feel that the scope of enquiry by the Vaish Committee has not met with the intention of the PAC. Findings, which were already established by the Audit and accepted by the Committee, have been brushed aside by the Vaish Committee without bringing in any fresh data. The PAC reiterate their earlier findings that the changes in the scope of the work and the construction methodology as also the extra contractual payments sanctioned during the execution of the contract resulted in undue benefit accruing to the contractor. Some of the decisions taken from time to time appear to be of dubious nature.

7. The Committee make it clear that it is not open to any departmental commission to sit over judgement on the findings of the PAC and act as an appellate authority and practically set aside the PAC's Report made to Parliament.
8. The PAC's direction was to the effect that the matter should be investigated 'with a view to fixing responsibility and taking necessary action against those found guilty' The Committee reiterate the above recommendation. The Committee consider that the matter needs to be gone into

*** Other business transacted by Committee. Minutes relating thereto will form part of the relevant Report.

afresh by an independent expert Committee consisting of not less than three persons including a financial expert for the above purpose. That Committee may identify the persons responsible for the above mentioned irregularities and fix responsibility therefor. The matter should be placed before the Minister of Railways, and the Committee should be informed of the action taken within six months."

The Committee then adjourned.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS— AS ON 8-5-1985**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
BIHAR		UTTAR PRADESH	
1.	M/s. Crown Book Depot, Upper Bazar, Ranchi, Bihar.	11.	Law Publishers, Sardar Patel Marg, P.B.No. 77, Allahabad-U.P.
GUJARAT		WEST BENGAL	
2.	The New Order Book Company, Ellis Bridge, Ahmedabad-380006. (T. No. 79065)	12.	Mrs. Manimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-12.
MADHYA PRADESH		DELHI/NEW DELHI	
3.	Modern Book House, Shiva Villas Palace, Indore City.	13.	Jain Book Agency, Connaught Place, New Delhi. (T. N. 351663)
MAHARASHTRA		14.	J. M. Jain & Brother Mori Gate, Delhi. (T. No. 225064)
4.	M/s. Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-400002.	15.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001.
5.	The International Book Service, Deccan Gyamkhana, Poona-4.	16.	Bookwell, 4, Sant Nirankari Colony, Kingsway Camp, Delhi-110009.
6.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400001.	17.	M/s. Rajendra Book Agency, IV-D/59, IV-D/50, Najpat Nagar, Old Double Storey, Delhi-110024.
7.	M/s. Usha Book Depot, Law Book Seller and Publishers, Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400002.	18.	M/s. Ashoka Book Agency, BH 82, Poorvi Shalimar Bagh, Delhi-110033.
8.	M & J Services, Publishers, Representative Accounts and Law Book Sellers, Mohan Kunj, Ground Floor 68, Jotiba Fuele Road, Nalgaum-Dadar, Bombay-400014.	19.	Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
9.	Subscribers Subscription Services India 21, Raghunath Dadaji Street, 2nd Floor—Bombay-400001.	20.	The Central News Agency, 23/90, Connaught Place, New Delhi. (T. No. 344448) (T. No. 344478)
TAMIL NADU		21.	Amrit Book Company, N-21, Connaught Circus, New Delhi-110001. (T. No. 40398)
10.	The Manager, M. M. Subscription Agencies 1st Lay Out Sivananda Colony, Coimbatore-641012.	22.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500361.
		23.	Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110052. (T. No. 269631) (T. No. 714465)

P.A.C. No. 1051

© 1985 BY LOK SABHA SECRETARIAT

PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT
OF BUSINESS IN LOK SABHA (SIXTH EDITION) AND PRINTED BY THE
GENERAL MANAGER, GOVERNMENT OF INDIA PRESS,
MINTO ROAD, NEW DELHI.

