

PUBLIC ACCOUNTS COMMITTEE 1960-61

THIRTY-SIXTH REPORT

(SECOND LOK SABHA)

[Audit Report on the Accounts of the Damodar Valley
Corporation for the year 1958-59]



16626 (9)
12. 4. 61.

LOK SABHA SECRETARIAT
NEW DELHI

April, 1961|Chaitra, 1883 (Saka)

Price : Re. 0.75 nP.

LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

- ANDHRA PRADESH**
1. G. R. Lakshmi-
pathy Chetty and
Sons, General Mer-
chants & News
Agents, Newpet,
Chandragiri, Chittoor
District (Andhra Pra-
des).
 2. Hindustan Diary Pub-
lishers, Market Street,
Secunderabad.
 3. Hyderabad Book De-
pot, Abid Road (Gun
Foundry), Hydera-
bad.
 4. International Consul-
tants Corporation, 48,
C. Marredpally, (East),
Secunderabad-3.
 5. K. J. Asservadam and
Sons, Cloughpet, P. O.
Ongole, Guntur Dis-
trict (Andhra Pra-
des).
 6. M. S. R. Murthy &
Company, Visakhapat-
nam.
 7. People's Book House,
B. 2-829/1, Nizam
Shahi Road, Hydera-
bad-1.
 8. The Triveni Publi-
shers, Masulipatnam.
- BIHAR**
9. Amar Kitab Ghar
Diagonal Road, Jam
shedpur-1.
 10. Book Centre, Opp.
Patna College, Patna.
 11. 'Jagriti', Bhagal-
pur-2.
- GUJARAT**
12. Chanderkant Chi-
man Lal Vora, Law
Publishers and
Book Sellers, P. B.
No. 163, 57/2, Ghandi
Road, Ahmedabad.
 13. Gandhi Samir
Trust, Bhavnagar.
 14. Lok Milap, Distric
Court Road, Bhavna-
gar.
- MAHARASHTRA**
15. The New Order
Book Company, Ellis
Bridge, Ahmedabad-
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 16. Swadeshi Vastu Bhan-
dar, Booksellers etc.,
Jamnagar.
- KERALA**
17. C. V. Venkitachala
Iyer, Near Railway
Station, Chalakudi.
 18. International Book
House, Main Road,
Trivandrum.
- MADHYA PRADESH**
19. Modern Book House,
286, Jawahar Ganj,
Jabalpur-1.
 20. The National Law
House, Near Indore
Library, Opp. Old
High Court Building,
Indore.
- MADRAS**
21. E. M. Gopalkrish-
na Kone, (Shri Gopal
Mahal), North Chitrai
Street, Madura.
 22. The Kalpana Pub-
lishers, Booksellers, Tri-
chinopoly-3.
 23. The Presidency Book
Supplies, 8-C, Pycro-
ft's Road, Triplicane,
Madras-5.
 24. S. Krishnaswami &
Company, O. O. Teppa-
kulum, Trichirapalli-
2.
 25. The Swadesamitran
Limited, Mount Road,
Madras-2.
- MYSORE**
26. Charles Lambert &
Company, 101, Maha-
tma Gandhi Road, Opp.
Clock Tower, Fort,
Bombay.
 27. The Current Book
House, Maruti Lane,
Raghunath Dadaji Street,
Bombay-1.
 28. D. B. Taraporavala
& Sons, Co., (P) Limi-
ted, 210, Dr. Naoroji
Road, Bombay-1.
 29. Deccan Book Stall,
Fergusson College Road,
Poona-4.
 30. The Good Compa-
nions, Rasapura, Baroda.
 31. The Imperial Book
Depot, 266, Mahatma
Gandhi Road, Poona.
 32. The International
Book House, Private
Ltd., 9, Ash Lane,
Mahatma Gandhi Road,
Bombay-1.
 33. The International
Book Service, Deccan
Gymkhana, Poona-4.
 34. Minerva Book Shop,
Shop No. 1/80, Netaji
Subhash Road, Marine
Drive, Bombay-2.
 35. The New Book
Company (P) Limited,
Kitab Mahal, 188-90,
Dr. Dadabhai Naoroji
Road, Bombay.
 36. The New Book De-
pot, Modi No. 3, Nag-
pur.
 37. The Popular Book
Depot (Registered), Lam-
mington Road, Bom-
bay-7.
 38. Sahitya Sangam, Book-
sellers, 44, Lok Manya
Vastu Bhandar, Dadar,
Bombay-28.
 39. H. Venkataramiah &
Sons, Vidyavidhi Book
Depot, New Statue
Circle, Mysore.
 40. Makkalapustaka Press,
Balamandira, Ganah
Nagar, Bangalore-9.
 41. People's Book House,
Opp. Jaganmohan Pa-
lace, Mysore-1.
 42. Pervaie's Book House
Koppikar Road, Hubli.

C O R R I G E N D A

Thirty-sixth Report of P.A.C. (Second Lok Sabha)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
6	13	9	in tact	intact
	14	4	Engineering	Engineer
25	55	18	cold	could
30	66	7	1,000 ft.	1,000 cft.
33	80	5	control	cost
	81	6	atching	batching
35	87	12	Coal.	coal
37	98	3	Rs. 1,45,02	Rs. 1,45.02
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44	S.No.9 (Col.4)	2-3	quarters. resulting	quarters resulting

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
1960-61

CHAIRMAN

Shri Upendranath Barman

MEMBERS

2. *Shri Rohan Lal Chaturvedi.
3. Shri Maneklal Maganlal Gandhi.
4. Shri R. S. Kiledar.
5. Shri Vinayak Rao K. Koratkar.
6. Shri T. Manaen.
7. Shri G. K. Manay.
8. Shri S. A. Matin.
9. Shri Baishnab Charan Mullick.
10. Shri T. R. Neswi.
11. Shri Shamrao Vishnu Parulekar.
12. Shri Purushottamdas R. Patel.
13. Shri Radha Raman.
14. Dr. N. C. Samantsinhar.
15. Pandit Dwarka Nath Tiwary.
16. Shrimati Sharda Bhargava.
17. Shri Jashaud Singh Bisht.
18. Shri Surendra Mohan Ghose.
19. Dr. Shrimati Seeta Parmanand.
20. Shri V. C. Kesava Rao.
21. Shri Mulka Govinda Reddy.
22. Shri Jaswant Singh.

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

*Elected on the 25th November, 1960 *vice* Shri Feroze Gandhi died.

INTRODUCTION

1, the Chairman of the Public Accounts Committee having been authorised by the Committee to present on their behalf, present this Thirty-sixth Report on the Audit Report on the Accounts of the Damodar Valley Corporation for the year 1958-59.

2. The Audit Report in question was laid on the Table of the House on the 2nd August, 1960.

3. The Committee examined the Audit Report at their sittings held on the 14th and 15th December, 1960.

4. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of the Report (Part II).

5. The 30th Report of the Committee (1959-60) relating to the Accounts of the Damodar Valley Corporation had been presented to the House in August, 1960. *The Committee regret to observe that despite repeated reminders, the Ministry of Irrigation and Power have not furnished the notes/statements showing action taken by Government on the recommendations of the Committee even by the end of March, 1961. The Committee could not, therefore, examine and satisfy themselves about the adequacy of the action taken on their recommendations. The Committee have repeatedly stressed the importance of furnishing such notes within the prescribed time of one month. They would draw attention to their recommendation in para 5 (Intro.) of their 34th Report (1960-61) and urge that the notes in question be furnished without any further delay.*

6. *The Public Accounts Committee (1959-60) had expressed concern over the non-realisation of irrigation revenue by the Corporation from the West Bengal Government. They note that claims amounting to Rs. 1.12 crores are outstanding against that Government. They regret to learn that the matter is pending settlement of certain differences of opinion between the State Government and the Corporation. It is quite obvious that any financial difficulty experienced by the Corporation because of non-payment of such dues will have to be overcome by drawing upon the loan capital provided by the Participating Governments. Such a course will increase the interest liability and in turn lead to overcapitalisation. The Committee, therefore, trust that in the interests of the Corporation and the Participating Governments alike, the matter will be settled quickly.*

7. The Committee considered and approved this Report at their sitting held on the 1st April, 1961.

8. A statement showing the summary of the main recommendations/conclusions of the Committee has been appended to this Report. For facility of reference, these have been printed in italics in the body of the Report also.

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

NEW DELHI;

Dated the 3rd April, 1961.

Chaitra 13, 1883 (Saka).

UPENDRANATH BARMAN,

Chairman,

Public Accounts Committee.

GENERAL FINANCIAL REVIEW OF THE EXPENDITURE OF THE PROJECT DURING THE YEAR 1958-59

The Damodar Valley Scheme which is a multipurpose project for the unified development of the Damodar River Valley aims at (1) Flood Control; (2) Irrigation; (3) Generation and transmission of electricity; (4) Promotion of all-the-year round navigation; (5) Promotion of afforestation and control of soil erosion in the Damodar Valley; and (6) the promotion of public health and agricultural, industrial, economic and general well-being of the people in the Damodar Valley and its area of operation.

2. Pursuant to these objectives, a phased programme was worked out. The present programme comprises: (i) four dams at Tilaiya, Konar, Maithon and Panchet Hill with a Hydro-electric station attached to each (except in the case of Konar where the construction of the station has been deferred on financial grounds); (ii) a thermal power station at Bokaro with 200,000 K.W. ultimate capacity; (iii) a grid covering over 800 miles of transmission lines and a number of sub-stations and receiving stations; and (iv) an irrigation barrage at Durgapur with 1,550 miles of irrigation-cum-navigation channels.

3. The total expenditure chargeable to these Projects undertaken by the Corporation is allocated among the three main objects *viz.*, Power, Irrigation and Flood Control and the total amount of capital is provided by the three participating Governments *viz.*, the Central Government, the State Governments of Bihar and West Bengal in the manner envisaged in Sections 30—36 of the D.V.C. Act, 1948. The Corporation have to pay interest at such rate as may from time to time be fixed by the Central Government. For a period not exceeding 15 years from the date of the establishment of the Corporation (*i.e.* upto 1963) the interest charges are being capitalised.

4. During, and to the end of, the year 1958-59, the following amounts were provided by the Participating Governments *viz.*, the Government of India, the Governments of West Bengal and Bihar. as capital required for the execution of the projects undertaken by D.V.C.

	During 1958-59 Rs.	To the end of 1958-59 Rs.
Government of India	3,09,00,900	31,25,86,167
Government of West Bengal	17,74,00,000	75,58,03,633
Government of Bihar	3,17,00,000	24,69,77,000
Total	14,00,00,000	1,31,53,66,800

The capital expenditure during, and to the end of, the year, 1958-59 on the three main objects, viz., Power, Irrigation, Flood Control, and subsidiary objects is shown below:

	During 1958-59 Rs.	To the end of 1958-59 Rs.
Power	7,28,68,872(a)	69,04,28,408(b)
Irrigation	3,85,23,254	36,50,08,850
Flood Control	(-)-4,38,37,776(c)	17,41,22,810
Subsidiary Objects	5,84,22,709(d)	5,84,22,709
TOTAL	12,59,77,059	1,28,79,82,777

(a) Includes a credit of Rs. 476.69 lakhs on account of sale of power and a charge of Rs. 200.92 lakhs on account of direct working expenses of the Power System.

(b) Includes a credit of Rs. 1,346.85 lakhs on account of sale of Power and a charge of Rs. 700.20 lakhs on account of direct working expenses of the Power System.

(c) Minus figure is due to reallocation of the development expenses and the cost of dams on the basis of new ratios.

(d) The subsidiary objects are briefly as below:

<i>Item</i>	<i>Amount spent upto 1958-59</i>
1. Afforestation	10,07,422
2. Soil Conservation	88,45,647
3. Other development schemes	1,08,66,497
4. Navigation	3,77,03,143
	5,84,22,709

5. The following Projects were under construction during the year:

Maithon

Maithon Dam was opened in September, 1957 and hydel plant (three units) completed by December, 1958.

*Panchet Hill Dam**Durgapur Barrage and Canal*

Barrage opened in August 1955 and canals were under construction.

*Transmission and Distribution System**Bokaro 4th Unit**Durgapur Thermal Power Station**Chandrapura Thermal Power Station*

Some residual works in connection with the Bokaro Thermal Power Station, Tilaiya and Durgapur Barrage were continued during the year.

Allocation under Sections 33 and 34 of the D.V.C. Act—Sub-Paragraphs (b) and (c) of Para 2 of Audit Report, Pages 2 & 3—

6. The Public Accounts Committee (1959-60) had dealt with these allocations in paragraphs 6 to 10 of their Thirtieth Report. According to Section 33 of the Act, capital expenditure common to two or more of the main objects is required to be allocated to each of the main objects in proportion to the expenditure which, according to the estimates of the Corporation, would have to be incurred solely for that object. It was mentioned in para 8 of the Thirtieth Report that the Government of West Bengal had protested against the allocations made by the D.V.C. and requested the Central Government in June, 1959 to refer the matter to arbitration as provided in section 49 of the D.V.C. Act. The Central Government, after consulting the Ministry of Law, had made a reference towards the end of 1959 to the Government of Bihar inviting their comments on the proposal for arbitration.

The present Committee were informed that the Government of Bihar initially replied that they would place their views before the arbitrator. The Central Government had asked the Government of Bihar again to give their comments in order that the matter might be settled outside arbitration if possible. That Government's reply was, however, still awaited.

Any change in the allocation made by the Corporation under section 33 of the Act as a result of the settlement reached at the instance of the Central Government, or failing that as a result of the arbitration, would also have a bearing on the allocation of the divisible capital cost of 'irrigation' under section 34 of the D.V.C. Act. According to the Audit report the final allocation of the capital cost for

'Irrigation' as determined by the D.V.C. under Section 33 of the Act, was held up pending declaration by the two State Governments of their guaranteed annual off-takes of water for agricultural purposes on which basis the divisible capital cost is to be shared. The allocation for the present is being made on the basis of previously declared intentions of the State Governments in this regard. Last year the Committee were informed that although the Corporation had requested the State Governments on 10th January, 1959 to review the position and to advise the final annual guaranteed off-takes of water, no reply had been received from the State Governments despite repeated reminders. The position is reported to be the same.

7. *The Committee regret to note that in spite of their reiteration in para 10 of their Thirtieth Report (1959-60) of the imperative need for settling the allocations, the stalemate continues. They would again invite the attention of the Participating Governments to the following observation of the Public Accounts Committee, 1958-59 in para 15 of their Fourteenth Report:—*

“Expeditious settlement of this long-outstanding question is imperative, specially when the Project has already entered upon the final phase of its execution, and the Revenue Accounts of the Project would be opened from 1963-64 for evaluating financial working of the Project.”

Dues from West Bengal Government for supply of water for irrigation purpose—para 29 (B.II), page 16—

8. The Committee were informed by the Secretary of the Corporation that claims amounting to Rs. 1·12 crores were outstanding against the Government of West Bengal for water supplied by the D.V.C. Out of this the State Government had disputed claims for Rs. 2·66 lakhs. In respect of the balance the Corporation had neither received any acknowledgment nor any payment so far.

9. The Secretary of the Corporation also informed the Committee that he had discussed this matter with the State Government at a high level and had pointed out that any deficit in the Corporation's finances due to non-payment of dues would have to be made up by the Corporation by drawal of funds from the participating Governments (including West Bengal) in the form of capital. Though this position had been appreciated by the State Government, no payment was forthcoming. This expedient of drawing on capital to meet deficit in current expenses was financially adverse to the Corporation as the capital bore interest whereas the Corporation did not receive any interest on the arrears due from the State Government.

10. The Secretary of the Corporation further informed the Committee that Section 14(1) of the D.V.C. Act, provided that the Corporation may, after consultation with the State Government concerned, determine and levy rates for the bulk supply of water. Under Section 14(2) of the Act, the State Government in their turn were to fix after consultation with the Corporation the rates to be charged for the supply of water to the cultivators and other consumers. In pursuance of these provisions the Corporation had fixed rates for the supply of water in bulk in consultation with the Government of West Bengal. However, in 1958 the Government of West Bengal had passed an Act, Section 12 whereof provided that out of water rates realised by the State Government, deductions would be made on account of collection charges and the balance divided between the State Government and the Corporation in a proportion which had not yet been decided. At the instance of the Corporation, the Central Government took up the matter with the State Government and pointed out that Section 12 of the West Bengal Act would be *ultra vires* being repugnant to Section 14 of the D.V.C. Act which is a Central Act. However, no agreement has been arrived at in the matter so far.

11. *The Committee do not feel happy to see these developments. They reiterate their recommendation in para 15 of their 30th Report (1959-60) that the delay in realisation of irrigation revenue will seriously jeopardise the financial interest of the Corporation.*

12. *The Committee would also stress that the Participating Governments, who are financiers of the Corporation, should in their own interest so frame their policies as not to affect adversely the avowed objects of the setting up of the Corporation. The Committee desire that the present difference between the Corporation and the State Government should be settled without delay.*

II

ENGINEERING, MACHINERY AND STORES

Loss due to short receipt of cement—para 4 of Audit Report—Page

4

13. A test weighment of 5 per cent of cement bags obtained for the Panchet Hill Project against D.G. S. and D. rate contracts during the period from September, 1955 to April, 1956 carried out at the point of taking delivery from the Railway revealed a shortage of 524 tons (valued at Rs. 40,000 approx.) i.e., 4 per cent of the total supply of 13,109 tons. The Railways turned down the claim for compensation for the shortages on the grounds that the railway wagons had been received with seals in tact. The suppliers on their part contended that their responsibility ceased once they handed over the goods to the carriers after obtaining a clear Railway receipt for conveyance at railway risk. The Central Government with whom the matter was taken up by the Corporation in February, 1957 observed that, according to legal opinion, test weighment might not represent the correct weight of the bags and as such it would not be binding on the suppliers. The Corporation decided in April, 1958 to examine, in the light of this situation, all cases of shortages of cement and to write them off under orders of competent authority. The shortage was under re-examination (January, 1960).

A shortage of 1863.37 tons, valued at Rs. 1,42,000 approx. (at Rs. 76 per ton) which was about 6.01 per cent of the total receipt of 31,003.18 tons was noticed in the quantity of cement actually used in the mass concrete during the period from March, 1955 to February, 1957. Similar shortages of cement were also reported to have occurred at the Maithon Project. (Para 8 of the Audit Report).

14. The Committee enquired why the re-examination had not been completed and a decision taken in respect of the transit loss of 4 per cent of cement during the period September 1955 to April, 1956. The Chief Engineering of the Corporation explained that as soon as the shortage was discovered steps were taken to find where exactly the shortage had occurred. The Corporation's representative checked the packing processes at the Cement Factory. The Railways were also asked to weigh the wagons. Shortages of 3 to 5 lbs. per bag discovered thereby—the weight of the bags was 107 to 109 lbs. against the standard weight of 112 lbs.—were brought to the notice

of the D.G. S. & D. who thereupon introduced a clause in the contract giving a tolerance limit of plus or minus 2 per cent. The cement being supplied in unlined bags, 2 to 3 ounces fell at every movement of the bags. Some quantity was also lost in the wagons due to the train movements, the sweeping of which could not be re-used. The loss in transit of about 4 per cent therefore appeared to be normal and the tolerance limit for such loss would be fixed after ascertaining the experience of other comparable projects in India.

15. It was pointed out by Audit that in the Bhakra Nangal Project, the weighing of cement was done at destination and it seldom indicated any difference. In the case of Hirakud the loading of wagons of cement was supervised and checked at the factory before dispatch by the staff of the Project stationed at the factory. Other major indentors like the Railways, C.P.W.D. and the Defence Services had also not made any complaints about the loss of cement in transit.

16. The Committee regret to note that even though more than four years have elapsed after the shortages in transit by rail were detected, a decision has not yet been reached fixing the limit therefor. It is in the Corporation's own interest to expedite the decision on this matter as it will enable the Corporation to locate the losses and take necessary action.

17. As regards the overall loss of 6.01 per cent of cement noticed at the Panchet Hill Project, the Committee were informed that this loss included (i) the loss already occurred before the cement reached the destination railhead and (ii) loss due to the weight of the gunny bags, each of which weighed about 1½ lbs. Unless the limits for such losses at different stages are laid down by the Corporation, it will always be a matter of conjecture which may not lead to any conclusions. *The Committee would, therefore, emphasise the need for fixing these limits taking into account the experience of similar projects in the country.*

Extra cost due to inferior quality of work—para 18, pages 10-11—

• 18. The Corporation had engaged a foreign firm as Consulting Engineers who were responsible *inter alia*, for the direction and supervision of work so as to ensure proper quality, efficiency and economy. A portion of the concrete work in the Turbo-Generator foundation carried out from 30th May, 1958 to 17th June 1958 under the supervision of the Consulting Engineers was, as the result of test carried out on 19th June, 1958, found by the Project authorities

to be of very inferior quality and this was pointed out to the Consulting Engineers on 4th June 1958. At the instance of the Project authorities and in agreement with the Consulting Engineers, the inferior concrete work was dismantled and replaced on 28th September, 1958 by concrete of adequate strength at an extra expenditure of about Rs. 1.30 lakhs.

19. The Committee were informed that the Corporation had called upon the Consulting Engineers to make good the loss who had asked for time to examine the case. *The Committee will like to be informed of the outcome of the case.*

Loss due to acceptance of materials below specification (M.E.M. Division)—Para 26, page 13—

20. In April, 1952, an indent for the supply of 11 tons of Phosphor Bronze Bar and Cores, from a particular firm, was sent by the Soil Conservation Department to the purchase Department. Quotations were invited in June 1952 for the materials as per specifications of the firm named by the indenter and that firm's quotation being the lowest, was accepted in July, 1952. The confirmatory order was issued on 29th August, 1952 for the supply of materials valued at Rs. 66,615 (approx.). The terms and conditions of the Purchase Order provided, *inter alia*, that the materials must be strictly according to the specifications and if, within seven days of the date of receipt of the materials, any deviations from the specification were found, replacement was to be made free of all charges by the seller. The bills for the materials supplied in two instalments, one on 29th September, 1952 and the other on 4th November, 1952 were paid on 15th October, 1952 and 6th December, 1952 respectively, without subjecting the materials to any test and on the basis of suppliers' own certificates that the supplied materials were according to the approved specifications and that if, at any stage, they were not found up to specification, they would accept the decision of the Industry and Supplies Department (now D.G.S. & D.) or replace the materials. The Stores Officer concerned also recorded a certificate on the bills, that the materials had been received in a satisfactory condition.

Soon after their receipt, the materials were used for manufacturing bushings and in January, 1953 the Workshop Superintendent reported that the materials were not proving successful. The chemical examination of the samples of the materials made as a result of this complaint in the Government Test House, Alipore, revealed that the material was far below specification. In January, 1954, the Corporation filed a suit against the suppliers for recovery of

Rs. 66,615 but it was dismissed, in February, 1958 mainly on the ground that—

- (1) The department had greatly delayed getting the materials chemically examined and thus had acted carelessly, the consequence of which should be borne by it.
- (2) The dispute regarding the materials not conforming to the specification was neither referred to the Industry and Supplies Department nor the Suppliers had been asked to replace the materials as stipulated in the suppliers' certificates recorded in the bills.

According to Audit, the D.V.C., which had spent Rs. 3,412.50 on account of the suit, was advised by its Legal Adviser in May, 1958 that an appeal should be filed in High Court on 30th June, 1958 but this advice was not accepted.

21. In explanation of the failure of the Corporation to file an appeal in the High Court as advised by their legal adviser, the Secretary of the Corporation stated in evidence that after the suit filed by the Corporation was decreed against them by the Hazaribagh Court, the Counsel who had appeared on behalf of the Corporation sent the papers along with the suggestion for filing an appeal in the High Court to the office of the Director of Soil Conservation at Hazaribagh and not to the headquarters of the Corporation. Though there was a record in the peon book that the receipt clerk had received these papers, these were suppressed by somebody and the matter came to the notice of the Corporation only after the expiry of ninety days' period of limitation for filing the appeal. No further action could, therefore, be taken in the matter. The Committee were also informed that by the time the matter came to the notice of the Corporation, the persons responsible for suppressing the documents had already left the service of the Corporation and, therefore, no action could be taken against them. The Corporation was trying to find out if these persons were working under any Government or public undertaking so that the facts of the case could be intimated to their present employers.

22. *The Committee regret to note that the Corporation failed to get the materials chemically examined, immediately after their receipt, to satisfy themselves that the materials were strictly according to specification. It is also surprising to the Committee that even when it came to the notice of the Corporation that the materials were below specification, the Corporation filed a suit against the suppliers for the recovery of the cost of the materials resulting in avoidable loss to the Corporation, instead of referring the matter to*

the Industry and Supplies Department for its decision or returning the materials to the supplier for replacement as stipulated in the supplier's certificates recorded in the bills.

23. The Committee are also unhappy that there had been undue delay in taking disciplinary action against the delinquent officials in this case. Even though the Workshop Superintendent reported in January, 1953 that the materials were not proving successful and the chemical examination of the samples of materials in the Government Test House at Alipore also revealed that the materials were far below specification, no action was taken against the Stores Officer concerned even till January, 1955 when he left the service of the Corporation. No action was also taken to withhold the contribution of the Corporation to the provident fund of the employees responsible for the loss of the documents sent by the legal adviser, who left the service of the Corporation during August and September, 1958. As according to the Corporation it generally took about two to five months to release the provident fund of an employee, the inaction in this regard is deplorable.

• III

FINANCIAL IRREGULARITIES AND INFRACTUOUS EXPENDITURE

Payment of excessive rates to a contractor—Para 9, pages 6-7—

24. A contract executed in 1949-50 on a single tender basis for the construction of "Infiltration well and low level pump chamber" at Maithon showed the unit rate for "back-filling with excavated earth, including consolidation" at Rs. 40 per hundred cft. Both the estimate for the work as well as the schedule to the tenders indicated that the unit rate for this item of work was for 1000 cft. After the item of work had been paid @ Rs. 40 per 100 cft. in three successive Running Account bills (aggregating Rs. 7037) by the Field Officer, the officer on Special Duty noticed in September, 1951, that the rate of Rs. 40 per 100 cft. as per contract was abnormally high and in view of the units having been shown as 1000 cft. both in the sanctioned estimate and the schedule to the tenders, suggested that the final payment should be made with reference to the original tenders. Instead, an Under Secretary of the Corporation certified in November, 1951, that he had verified the rate of Rs. 40 per 100 cft. with reference to the original tenders. The final payment was, however, not made, as, in the meanwhile, the contract documents were found to be missing and even the contractor stated in 1956 that he did not possess any copy of the contract as no copy had been supplied to him. In view of the payments already made to the contractor on the running bills, the Corporation decided in September, 1958 to admit the claim @ Rs. 40 per 100 cft. and paid the final bill of the contractor in January, 1959 involving an extra payment of Rs. 6,300 over the rate as calculated as per the schedule unit viz. 1000 cft. No responsibility for the missing documents had been fixed as all the officers directly responsible had already left the Corporation.

25. The representative of the Corporation stated in evidence that though the contract documents were found missing, the Special Accounts Officer and the Under-Secretary of the Corporation who had seen the contract and the original tender respectively had recorded that the unit rate was Rs. 40 per 100 cft. and not per 1000 cft. On the basis of these records the Corporation had to make payment to the contractor @ Rs. 40 per 100 cft. The question regarding the reason-

ableness of this rate was also referred to the then Chief Engineer who considered that taking into consideration the site conditions and the cost for a similar job (*viz.* Rs. 350 per 1000 cft.) the rates quoted by the tenderer were not unreasonable.

The Committee were also informed that the Executive Engineer had forwarded the tender received in this case to the Corporation pointing out that the contractor had quoted very high rates and suggested that certain items of work might be excluded from the contract. The tender was finally accepted with the approval of the Corporation. The Committee, however, learnt that the Executive Engineer did not bring it to the notice of the Corporation that the rate for the item of work in question was high.

26. It is surprising to the Committee that though the Executive Engineer, while forwarding the tender received from the contractor, for the approval of the Corporation pointed out the high rates quoted by the contractor for certain other items of work included in the tender, no mention was made by him regarding the high rate for this item of work which was about 15 times the estimate for the work.

27. The Committee feel that in cases where there are large variations between the rates for the execution of any item of work and the estimates thereof the reasons for accepting such rates should be recorded in writing.

Departmental construction of quarters—Para 11, page 8—

28. Two estimates for the construction of (i) two E-type quarters at a cost of Rs. 29,790-0-0 each and (ii) two C-type quarters at a cost of Rs. 46,792-0-0 each were technically sanctioned in August, 1954 and October, 1954 respectively. The construction of the quarters was undertaken departmentally and completed by August, 1955 barring one E-type which had been abandoned at the plinth level, resulting in an infructuous expenditure of Rs. 949-0-0.

By the middle of 1955, cracks in the walls and roofs of the quarters appeared. In April, 1956, the buildings were inspected by a Project Engineer (Civil) who reported that the bad soil of the place was responsible for the damage. In July, 1957, another officer who inspected the buildings attributed the damage to poor foundation work.

Due to damage, one unit of the E-type quarters has been lying vacant since November, 1957 and two-rooms, one in each of the two C-type quarters, have also been lying vacant since August 1957 and October 1958 respectively, resulting in a reduced recovery of rent:

(from 10 per cent to 5 per cent) valuing Rs. 302·23 upto November, 1959. The question of fixing responsibility for the poor work on foundations was under investigation by the Corporation.

29. The Committee were informed in evidence that the explanation from the Executive Engineer concerned in this case had been examined by the Corporation but it was not considered acceptable. The Executive Engineer, who had in the meantime left the service of the Corporation and joined the Hindustan Steel Ltd., was informed accordingly. The Corporation had also held up as an interim measure the Corporation's contribution to his provident fund amounting to Rs. 5,700, and formal disciplinary proceedings would be started against him: The Hindustan Steel Ltd. had also been informed of the facts of the case.

Explaining the reasons for the abandonment of one E-type quarter at the plinth level, the representative of the Corporation stated that the building was required to accommodate four watchmen to be appointed by the Corporation for a receiving station. However, a firm, which received power from the Corporation had also its receiving equipment at the same station and had appointed its own watch and ward staff. Therefore, the Corporation instead of appointing four watchmen had appointed only one person who had been accommodated in the other unit and so it was not considered necessary to complete the building. The abandonment of the quarter was not due to any soil defect.

The Committee were also informed that the Corporation had called for estimates for the repair or the reconstruction of the quarters whereafter necessary action will be taken in the matter.

30. The Committee are unhappy over the delay in the repairs to the damaged quarters resulting in avoidable loss of rent. They trust that this matter will be expedited. The Committee will also like to be informed of the outcome of the disciplinary proceedings against the Executive Engineer concerned in this case.

Extra expenditure due to execution of work without entering into any agreement—Para 14, page 9—

31. The lowest tender for the excavation of a section of a water canal (chainage 90 to 180) received in December, 1956 was not accepted and the earnest money deposited by the tenderer was refunded as it was decided in January, 1957 not to proceed with the work. Subsequently on 12.3.57, the Corporation asked the above lowest tenderer to redeposit the security money before 18.3.1957 and start the work immediately.

The tenderer commenced the work on 27.3.57 without executing any agreement or furnishing the security deposit but stopped work on 4.5.57 as sand and water were met 2-3 ft. below the ground level. For the small portion of work which he did he was paid Rs. 23,362.

The original estimate of the work was subsequently revised to include the section from ch. 70 to ch. 270; in the revised estimate the work between ch. 90 and ch. 180 was estimated to cost Rs. 8,07,353. The entire work, including the unfinished portion of the work between ch. 90 and ch. 180, was awarded after tender to another contractor on 1.11.1957; in this tender the cost of the work between ch. 90 and ch. 180 was valued at Rs.9,79,012.

The above arrangements involved an extra expenditure of Rs. 1,95,023 (including Rs. 23,362 paid to the first contractor). In the absence of any agreement and the security deposit, no penalty whatsoever could be enforced against the first contractor for his failure to complete the work.

32. It was urged before the Committee that the specification for the work had originally been drawn up on the assumption that manual excavation would be possible. This was also the basis on which the first contractor had quoted his rates. However, sand and water were met 2'-3' below the ground level, which was an abnormal occurrence. In the circumstances manual excavation was not possible and even if a written agreement had been entered into the Corporation would have thought it to be a fit case for waiving penalty.

33. *No explanation was however given to the Committee for entrusting the work to the first contractor without prior execution of agreement with him.*

34. *The Committee regret to observe that despite their comments in para 25 of their 18th Report (1955-56) deprecating the practice of proceeding with the execution of work without entering into any formal agreement with the contractor, the Corporation again failed to enter into a written agreement in this case. The Committee urge that the Corporation should ensure that the recommendations/observations of the Committee which are accepted by them are implemented in practice.*

Infertuous Expenditure—Para 17, page 10—

35. For concreting work in the Thermal Power Station at Durgapur, two Batching Plants lying idle at Bokaro Thermal Power Station since March, 1954 were obtained in August, 1957. Only one Batching Plant could be installed after stripping and cannibalising both the units. A Belt Conveyor was also purchased in January 1958 at a

cost of Rs. 30,365 for the Plant, which went into operation on 25th May, 1958. But after working for about two months the machine proved unserviceable and was declared surplus on 31st July, 1958. The total expenditure incurred in connection with this work excluding the cost of the two Batching Plants, was about Rs. 1 lakh.

36. The Committee were informed in evidence that the two Batching Plants obtained from Bokaro Thermal Power Station were newly purchased for Bokaro and had worked for about 27 and 33 months respectively whereafter these were laid off for want of work. According to the estimate of the Rates and Costs Committee the normal life of such Batching Plants was about 5 years on the basis of 3 shifts. The object of transferring the plant to Durgapur Thermal Power Station was to accelerate the work on the foundation. In reply to a question, it was stated that a demonstration test at Bokaro before transfer to Durgapur would have involved considerable expenditure on the erection, testing and the dismantling of the plants.

37. It is not clear to the Committee why the Batching Plants which had a working life of more than two years still left, when they were laid off in 1954, should have deteriorated during the three years' period of storage to such an extent as to necessitate their cannibalisation. *It seems that sufficient attention was not paid to the proper maintenance of the valuable machinery while in storage. The Committee would urge that the authorities of all projects utilising heavy construction machinery which cannot be kept in use continuously during its life-span, should take adequate steps to ensure proper maintenance of the machinery while not in use.*

38. Audit had pointed out to the Committee that the purchase of the Belt Conveyor had become necessary only because the buckets of the Batching Plants which had been despatched from Bokaro were lost in transit. The representative of the D.V.C. could not, however, throw light on the matter. *The Committee desired to be furnished with the information which is awaited. They would also like to be informed of the decision taken regarding the disposal of the Belt Conveyor.*

*Infructuous expenditure due to original plan proving incorrect—
Para 20, page 11—*

39. For the purpose of stacking coal in the Bokaro Thermal Power Station coal yard and supplying coal therefrom, in the event of the breakdown of the aerial ropeway which normally supplies coal to the power house direct from the Bermo Mines, a drag scraper along

with the necessary railway track was purchased in December, 1950 and May, 1951 and installed in 1952 at a total cost of Rs. 3,88,346 (Approx). It was estimated at that time that the out-put of coal from the Bermo Mines would not only meet the current coal requirements of the Power Station but also leave a sizeable surplus which, with the help of drag scraper, could be utilised for building up a reserve stock of coal at the spot.

A review of the log sheets of the drag scrapper in November 1957, however, revealed that it worked during the period from 1954 to April, 1956 for 239 hours only, and has been lying completely idle from May, 1956 onwards.

40. The Committee were informed in evidence that the drag scraper had been purchased at a time when it was proposed to mechanise the Bermo Mines to raise the monthly production of coal to 60,000-70,000 tons so as to build up a reserve stock after meeting the current requirements of the Power Station. The supplies of coal from Bermo Mines at present were sufficient only to meet half the requirements of the Power Station. In view of later developments, viz. establishment of National Coal Development Corporation and the Kargali Washery which could supply the additional requirements of coal for the Power Station, it was felt that mechanisation of the Bermo Mines, which would have necessitated a capital investment of about Rs. 80 lakhs, was not advisable. It was also urged that an emergency could even now arise necessitating the use of the drag scraper, although the bulldozers which were more easily manoeuvrable could meet most emergencies.

41. *The Committee feel that the decision to acquire the drag scraper merely on the expectation that the Bermo Mines would be mechanised, was premature. The Committee also doubt whether after about five years' disuse, the drag scrapper will be fit to serve in an emergency. They would, therefore, recommend its early disposal.*

Write-off and losses, etc.—Para 28(ii), Page 14—

42. Rs. 2,888 representing rent and other charges in respect of a building let out as a canteen run by a private individual during the period from 29th December, 1952 to 24th May, 1957, was written off as the whereabouts of the tenant could not be located despite obtaining a decree on 29th January, 1957 for a sum of Rs. 2,414, the balance of the rental claim being barred by limitation. There was neither any agreement nor was any security deposit taken.

43. It was admitted in evidence that there was carelessness in not entering into an agreement or taking any security deposit in this

case. It was, however, stated that orders had since been issued that regular contracts should be entered into in such cases.

44. *The Committee regret to observe that not only did the Corporation fail to enter into a written agreement or to take any security deposit in this case but timely action was also not taken to recover the rent in advance. The Committee trust that the orders issued by the Corporation in this regard will be strictly followed by all concerned to avoid recurrence of such cases.*

NEW DELHI;
The 3rd April, 1961

Chaitra 13, 1883 (Saka)

UPENDRANATH BARMAN,
Chairman,
Public Accounts Committee.

PART II

**Proceedings of the sittings of the Public Accounts
Committee held on the 14th and 15th December,
1960 and 1st April, 1961**

Proceedings of the Thirty-fifth sitting of the Public Accounts Committee held on Wednesday, the 14th December, 1960.

45. The Committee sat from 15.15 to 16.50 hours.

PRESENT

Shri Upendranath Barman—*Chairman*

MEMBERS

2. Shri Rohan Lal Chaturvedi
3. Shri T. Manaen
4. Shri G. K. Manay
5. Shri S. A. Matin
6. Shri Baishnab Charan Mullick
7. Shri Radha Raman
8. Dr. N. C. Samantsinhar
9. Shri Jashaud Singh Bisht
10. Shri Surendra Mohan Ghose
11. Shri Jaswant Singh

Shri A. K. Roy, *Comptroller & Auditor General of India.*

Shri G. S. Rau, *Additional Deputy Comptroller & Auditor General.*

Shri D. A. Qadri, *Additional Accountant General, West Bengal (D.V.C.).*

SECRETARIAT

Shri V. Subramanian, *Deputy Secretary.*

Shri Y. P. Passi, *Under Secretary.*

WITNESSES

Ministry of Irrigation & Power

Shri M. R. Sachdev, *Secretary.*

Damodar Valley Corporation

1. Shri S. Lall, *Chairman.*
2. Shri U. K. Ghoshal, *General Manager & Secretary.*
3. Shri B. Parthasarathy, *Chief Engineer (Civil).*

Ministry of Finance

(Department of Expenditure)

Shri P. C. Bhattacharyya, *Joint Secretary.***AUDIT REPORT ON THE ACCOUNTS OF THE D.V.C. FOR THE YEAR 1958-59***Allocation under section 33—para 2(b) of Audit Report—*

46. According to Section 33 of the D.V.C. Act, expenditure common to two or more of the main objects is required to be allocated to each of the main objects in proportion to the expenditure which, according to the estimates of the Corporation would have to be incurred solely for that object. The allocation of the cost of the dams serving more than one of the main objects was finalised by the Corporation but the Government of West Bengal had not accepted the final allocation and intended to refer the matter to arbitration under Section 49 of the Act.

47. In evidence, the Committee were informed that after consulting the Ministry of Law the Central Government had asked the Government of Bihar to give their comments on the objections raised by West Bengal Government. The reply of the Government of Bihar was that they would place their views before the arbitrator. The Central Government had again asked the Bihar Government to let the Central Government have their views in order to see if they could have the matter mutually settled outside arbitration. A reply to that reference has yet to be received.

48. Asked about the consequences of the delay in the settlement between West Bengal, Bihar and the Centre, the General Manager and the Secretary of the D.V.C. stated that the capital accounts of the Corporation were maintained on the basis of the Corporation's allocation to the participating Governments of the capital costs. The liability of those Governments for providing additional funds towards the programme of the Corporation was also determined on that basis. If as a result of arbitration the allocation made by the Corporation were changed, there would be some transfer from one State to another of the costs so far debited to them. In reply to a further query as to what attempts were being made by the Central Government to expedite a mutual settlement, the Secretary, Ministry of Irrigation and Power informed the Committee that the Central Government proposed to take up the matter as soon as the comments of Bihar Government were received. Government were hopeful of a settlement and action was being taken by Government in consultation with the Ministries of Law and Finance.

Allocation under Section 34—para 2(c) of Audit Report—

49. Capital expenditure on irrigation is to be shared between the two State Governments of Bihar and West Bengal as follows:—

- (i) the Government concerned shall be responsible for the capital cost of the works constructed exclusively for irrigation in its State;
- (ii) the balance of the capital cost under irrigation for both the States of Bihar and West Bengal shall be shared by the State Governments in proportion to their guaranteed annual off-takes of water for agricultural purposes provided that the divisible capital cost shall be provisionally shared between them in accordance with their previously declared intentions regarding their respective guaranteed off-takes and any payments made accordingly shall be adjusted after the determination of the guaranteed off-takes. After finally allocating the cost of the dams among the three main projects, the Corporation requested the State Governments on 10th January, 1959 to review the position and to intimate the final annual guaranteed off-take of their water so as to enable them to re-allocate the divisible cost of irrigation. No reply had been received from the two State Governments till October, 1959.

50. In evidence, it was disclosed that till date (14th December, 1960) neither the Government of Bihar nor the Government of West Bengal had replied to the enquiries of the Corporation. The Secretary of the D.V.C. added that the only possibility of irrigation in Bihar was from the Tilaiya Reservoir. After careful examination, the Corporation put up three alternative schemes to the Bihar Government. The latter considered those schemes and came to the conclusion that the capital investment was too heavy to be economically justifiable.

The indents for irrigation water during the *khari* season to West Bengal, however, were being met in full by the Corporation. As regards the availability of water during the *rabi* season actual reservoir data became available only in 1957 as a result of a study made by a Committee. On the basis of that study, the Corporation came to the conclusion that the four reservoirs could not provide water for three lakh acres of *rabi* cultivation which was the target. The Corporation had, therefore, requested the participating Governments to have a fifth dam if that target was to be reached. But that proposal has not been agreed to as yet.

51. Proceeding further, the Secretary of the D.V.C. observed that the present demand for *rabi* cultivation was only of the order of 20,000 to 30,000 acres although the Corporation could, according to present calculations, supply water for one lakh acres. The Government of West Bengal were contemplating development of double crop patterns of cultivation over a larger area with the assured availability of water for some years. As regards *kharif* irrigation, the capacity was for 8 lakh acres as against the revised figure of requirements for 9·3 lakh acres given by West Bengal.

Loss due to short receipt of cement—paras 4 & 8 of Audit Report—

52. A test weighment of 5 per cent. of cement bags obtained for the Panchet Hill Project, against D.G.S. & D.'s rate contracts during the period September, 1955 to April, 1956 carried out at the point of taking delivery from railway revealed a shortage of 4 per cent. of the total supply. The shortage was stated to be under examination.

A shortage of 1,863·37 tons, *i.e.*, about 6·01 per cent. of the total receipt of 31,003·18 tons was noticed in the quantity of cement actually used in the mass concrete at the Project during the period from March, 1955 to February, 1957. (Para 4 of the Audit Report). Similar shortages of cement also occurred at the Maithon Project (Para 8 of the Audit Report).

53. The Secretary of the D.V.C. explained that the 4 per cent. loss was in transit and the 6·01 per cent. referred to the overall loss in transit and handling. The Corporation had taken up the question of fixing tolerance limits for such losses. The extent of loss experienced in other comparable projects in India was being ascertained in this connection. The Secretary to the Ministry of Irrigation and Power elucidating the point further, stated that enquiries made indicated that 4 per cent. would represent normal shortage of cement in transit. When the cement bags were weighed, it was found that the quantity mentioned at the point of despatch was less by 4 per cent. or 3 per cent. There was no shortage in the number of bags. The weight recorded on the bags was inclusive of the gunnies. In the process of the mechanical filling of the bags there was some loss. So while the mechanical calculation showed a particular weight the actual weight of the cement in each bag might be one or two pounds less.

54. In reply to a question why there had been so much delay in taking a decision over this question which arose in April, 1956, the Secretary, D.V.C., stated that some enquiries had already been made with regard to the transit loss. In Kosi, it was reported that the transit loss when filling the batching plants was 4·39 per cent. and in

Kotah, it was 4·5 per cent. It was pointed out by Audit that in the Bhakra Nangal Project, the weighment of cement was done at the destination and it seldom indicated any difference. In the case of Hirakud also the loading of wagons of cement was supervised and checked at the factory before despatch by the staff of the Project stationed at the factory and in the case of major indentors like the Railways, the C.P.W.D. and the Defence Ministry also no complaints about transit loss in regard to cement had been made.

55. The Chief Engineer of the D.V.C., giving the details of investigations made in the matter, stated that the moment shortage was discovered during the construction phase of the Panchet Hill Project, the Corporation took every possible step to find out where exactly the shortage occurred. The Corporation deputed their staff to the factory to see how the packing was being done there. The D.G.S. & D. also sent their representative to look into the complaints of the Corporation. The Railways were asked to weigh the wagons also. These checks revealed that there was shortage. The weights of each of the bags varied between 107 to 109 lbs. This was brought to the notice of the D.G.S. & D. The D.G.S. & D. who had no tolerance limits fixed for this purpose had since fixed a limit of plus or minus 2 per cent. By way of other reasons for the losses, it was mentioned that the sacks in which the cement was supplied were unlined and at every movement of the bags two to three ounces got away. On the floor of the railway wagons also in which the cement bags were carried, there was a layer of cement and these were things over which there could be no effective control. The Secretary to the Ministry stated that in between the point where the cement was received and the batching plant there were a number of stages, e.g., unloading at the destination, unloading at the stores end, and at the project site. The cumulative loss was found to be 6·01 per cent.

Extra expenditure due to higher cost of departmental work—para 5 of the Audit Report—

56. It was stipulated in the contracts entered into during 1955-56 for supplying water and sprinkling it on the earth-fill embankment that the contractors would have to supply as many tank loads of water as might be required by the Executive Engineer.

For this purpose, the contractors were supplied with a few 1,200 gallon tanks and one 2,000 gallon tank which were to be fitted on the chassis made available by the contractors. In spite of this stipulation, the Corporation also supplied departmentally over 8 million gallons of water in addition to 51 million gallons (approx.) supplied by the contractors.

The rate paid to the contractors for supplying and sprinkling water upto March 1957 was Rs. 6.45 per thousand gallons while the departmental cost for the same job worked out at Rs. 14.59 per thousand gallons. There had thus been an extra expenditure of about Rs. 65,000 on the 8 million gallons which could have been saved if the entire water supply had been ordered to be arranged by the contractor, as per the agreement.

57. At the outset the Secretary, D.V.C. stated in evidence that the period during which the nine contracts in question were in operation was from May 1955 to June 1957 during which departmental supply of water amounted to about 9.4 million gallons. The point raised in the audit para referred to the contracts relating to supply of water to the Panchet Dam—the main dam, the left dam and the right dam. Out of the 9.4 million gallons of water supplied departmentally, 4.6 million gallons were used elsewhere on other jobs of the Corporation. The quantity of water that was used on the main, right and left dams was over 4.8 million gallons and not over 8 million gallons as mentioned in the Audit para. During the period May to November, 1955 there were contractors only for the left and the right dams; the main dam was being handled departmentally and the departmental tanks supplied 1.65 million gallons of water. But because the departmental tanks were also used elsewhere, contracts were later entered into to supplement the departmental supply to the main dam also.

58. The Corporation supplied out of their stock 20 tanks which were fitted on the trucks of the contractor. In addition to these, the Corporation had 5 tanks of their own already fitted on chassis. They were not handed over to the contractor as these were used by the Corporation on other jobs on the Panchet Project elsewhere—for sprinkling water on the roads, for the magazine, for the haul roads and also for supplying drinking water to the various formations there. It was pointed out to the witness that in the tender notice it was clearly specified that water was to be supplied to embankment and/or haul roads and according to the Executive Engineer's report there was no case at any stage during the period of the contract in which the contractors had expressed their inability to supply the required quantity of water. If so, the need for departmental supply of water by the Corporation was not clear to the Committee. Explaining this point, the witness stated that it was a matter of engineering experience that while the earth was being excavated and dumped and got ready for rolling, the progress of excavation and spreading was not constant.

59. As regards the departmental cost of Rs. 14.59 per thousand gallons mentioned in the Audit para, the Secretary to the D.V.C.

stated that according to their own calculation the figure was Rs. 7·80 per thousand gallons; and this calculation had been communicated to Audit in December, 1959. The difference between the rate of Rs. 6·45 and Rs. 7·80 was due to the higher level of wages and amenities provided by Government Undertakings to their workers. While Audit had informed the Corporation that this figure was not acceptable, the reasons therefor had not been communicated by Audit. The Audit promised to furnish the reasons therefor to the Corporation.

Loss in sheet piling work in the Panchet Hill Project—para 6 of Audit Report—

60. During the year 1953-54 sheet piling work in the main dam at Panchet done in advance by a contractor up to chainage 94·65 was suspended at bed level to facilitate the passage of 1954 flood with the intention of restarting the work during the working season of 1954-55 on receipt of earth-moving equipments from Maithon according to the scheduled programme. As the Maithon Project could not release the equipment upto 1956 and as there was no possibility of getting any equipment from any other source, the remaining sheet piling work was postponed for about two years. In the meantime, three floods had passed over the old piles thereby completely burying them deep under the sand. The Chief Engineer ordered on 5th April, 1957 that fresh driving of sheet piles with a 5 feet overlap from the point up to which the old pile-heads could be roughly located should be carried out. This involved an infructuous expenditure amounting to Rs. 94,072. The delay in constructing the Maithon Dam necessitated the purchase of new machinery worth about Rs. 27·5 lakhs for Panchet Project in the year 1955 so that work on Panchet might not lag behind. Audit has questioned the postponement of the sheet piling work when this machinery was available.

61. In evidence, the Chief Engineer, D.V.C. explained that the sheet piling work had been carried over a length of 9,465 ft. from the starting point. The piles were to be driven up to bed-rock and projected about 20 feet above the river-bed, i.e., above the sand. At the time the flood passed, the tops of the piles were slightly above the sand level. Later on, the piles could be located but it was found that due to scouring of that area the piles had tilted downstream. As a precautionary measure, it was ordered that there should be an overlap of 5 feet from where the straight portion of the pile ended instead of placing the piles edge to edge.

62. In reply to a question as to why when machinery worth Rs. 27·5 lakhs were purchased the piling work was not continued, it was stated by the Chief Engineer that the entire provision of Rs. 27·5 lakhs was not for purchase of additional machinery. Bulk of it

(Rs. 24 lakhs) was for the extra cost of certain machinery already transferred to the Corporation and the balance for certain spares. According to the original schedule, the first sheet piling was over in June, 1954 and the work should have been resumed in October. But the whole construction programme was revised and a new programme was finalised in May. The main reason which influenced this decision was the closing of the river gap. The technical opinion was not to close the river gap then. The sheet piling work had no doubt been postponed as a result but, he added, it was in the best interest of the Project as a whole.

63. The Chairman observed that to the extent the machinery from Maithon was not released for work at Panchet as contemplated earlier, there had been wrong calculation.

The Committee then adjourned to meet again at 15.00 hours on the 15th December, 1960.

**Proceedings of the Thirty-sixth sitting of the Public Accounts
Committee held on Thursday, the 15th December, 1960**

64. The Committee sat from 14.30 to 17.10 hours.

PRESENT

Shri Upendranath Barman—*Chairman.*

MEMBERS

2. Shri Rohan Lal Chaturvedi
3. Shri Baishnab Charan Mullick
4. Shri Shamrao Vishnu Parulekar
5. Shri Purushottamdas R. Patel
6. Shri Radha Raman
7. Dr. N. C. Samantsinhar
8. Shri Jashaud Singh Bisht
9. Shri Surendra Mohan Ghose
10. Dr. Shrimati Seeta Parmanand
11. Shri Jaswant Singh

Shri A. K. Roy, *Comptroller & Auditor General of India.*

Sri G. S. Rau, *Addl. Dy. Comptroller & Auditor General.*

Shri D. A. Qadri, *Addl. Accountant General, West Bengal,
(DVC).*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

WITNESSES

Ministry of Irrigation and Power

Shri M. R. Sachdev, *Secretary.*

*Damodar Valley Corporation**Shri S. Lall, Chairman.**Shri U. K. Ghosal, General Manager and Secretary.**Shri E. Parthasarathy, Chief Engineer (Civil).**Ministry of Finance**(Department of Economic Affairs)**Shri R. K. Mukherjee—Under Secretary.***AUDIT REPORT ON THE ACCOUNTS OF THE DAMODAR VALLEY CORPORATION FOR THE YEAR 1958-59***Payment of excessive rates to a contractor—Para 9, pages 6-7—*

65. In this case, payment was made to a contractor for an item of work at Rs. 40 per hundred cft. as shown in the agreement (which was found to be missing in 1956) whereas both the estimate for the work as well as the schedule to the tender indicated that the unit rate for this item of work was for 1,000 cft. According to the Audit this resulted in an extra payment of Rs. 6,300 over the rate as calculated as per the schedule unit, viz., 1,000 cft.

66. The representative of the Corporation explained that though the contract documents were found missing, it was on record that the contract was seen by the Special Accounts Officer in September, 1951 and the original tender by an Under Secretary of the Corporation and both of these documents showed the unit rate as Rs. 40 per 100 cft. On the basis of the notings of these two officers the Corporation inferred that the rate was Rs. 40 per 100 cft. and not per 1,000 ft. It was also stated in extenuation that the Corporation was not in a position to repudiate the claim of the contractor on the basis of Rs. 40 per 100 cft. which could be substantiated by him before any Court of Law by summoning the officers of the Corporation who had seen the original documents.

Asked what was the normal practice in quoting rates for works of this type the witness stated that though normally rates per 1000 cft. were quoted the tender received in this case was on 100 cft. basis.

67. Explaining the reasons for the large variation between the estimate of work (which was Rs. 27-4-0 per 1000 cft.) and the contract unit rate the representative of the Corporation stated that during those early days the Design and Drawing Office of the Corporation where the estimates were prepared, was located at Ranchi whereas this job was to be executed at Maithon and, therefore, that office did not have complete idea of the site conditions.

68. As regards the reasonableness of the rate of the contract the witness stated that this question was referred to the then Chief Engineer who considered that taking into consideration the site conditions and another quotation for a similar job (which was Rs. 350 per 1000 cft.) the rates were not unreasonable.

69. Asked who was responsible for accepting the tender on the basis of 100 cft. as unit, the representative of the Corporation stated that the tender received in this case was referred by the Executive Engineer to the Corporation pointing out that the contractor had quoted very high rates and suggested that certain items of work might be excluded from the contract. The tender was finally accepted with the approval of the Corporation. It was, however, admitted that the Executive Engineer did not ask for the exclusion of the item of work under consideration.

70. Asked on what authority the contractor started the work when he was not supplied any copy of the contract, the representative of the Corporation stated that, unlike at present, during those days it was not the practice to give the copy of the contract to the contractor and it was only kept in the records of the Corporation after getting it signed by him. The contractor was only given a work order to start the work.

71. In reply to a question regarding the person responsible for the loss of contract documents the representative of the Corporation stated that the contract documents which had been sent by registered post had been received by a clerk who had since left the Corporation and his whereabouts were not available.

Departmental construction of quarters—Para 11, page 8—

72. In this case three quarters constructed departmentally developed cracks in the walls and roofs even during the course of their completion by August, 1955. An officer who inspected the buildings in April, 1956 attributed the damage to bad soil while another ascribed it in July, 1957, to poor work on foundation. The construction of another quarter was abandoned at plinth level.

73. The representative of the Corporation informed the Committee that the explanation called from the Executive Engineer concerned in this case had been examined by the Corporation but it was not considered acceptable. The Executive Engineer who had in the meantime left the services of the Corporation and joined the Hindustan Steel Ltd. was informed accordingly. The Corporation had also held up, as an interim measure, the Corporation's contribution to his provident fund amounting to Rs. 5,700, and formal disciplinary proceedings would be started against him. The Hindustan Steel Ltd. had also been informed of the facts of the case.

74. Explaining the reasons for the abandonment of one 'E' type quarter at the plinth level, the representative of the Corporation stated that the building was required to accommodate four watchmen to be appointed by the Corporation for a receiving station. However, a firm which received power from the Corporation had also its receiving equipment at the same station and had appointed its own watch and ward staff. Therefore, the Corporation instead of appointing four watchmen had appointed only one person who had been accommodated in the other unit and so it was not considered necessary to complete the building. The abandonment of the quarter, it was added, was not due to any soil defect.

75. As regards the repairs to the damaged quarters, the witness stated that the Corporation had called for estimates for the repair or the reconstruction of the quarters whereafter necessary action would be taken in the matter.

Extra expenditure due to execution of work without entering into any agreement—Para 14, page 9—

76. The Corporation asked a tenderer to commence the work of the excavation of a section of a water Canal without executing any agreement or taking any security deposit. The tenderer, however, stopped the work after doing a small portion for which he was paid Rs. 23,362 as sand and water were met 2 ft.—3 ft. below the ground level. In the absence of any agreement and the security deposit, no penalty whatsoever could be enforced against the contractor for his failure to complete the work. The unfinished portion of the work *inter alia* was later on given to another contractor resulting in extra expenditure of Rs. 1,95,023.

77. The Committee were informed that this was one of the earliest tenders on this job the specifications for which assumed that manual excavation would be possible. The first contractor had also quoted his rates on that basis. However, as mentioned in the Audit para, sand and water were met 2 ft.—3 ft. below the ground level and in the circumstances manual excavation was not possible. Therefore, the work had to be awarded to the second contractor and this time it was stipulated in the contract itself that the contractor would have to use machines for excavation work. The rates quoted by the second contractor were also accordingly higher. The Committee were, however, informed by Audit that even in the tender documents submitted by the first contractor an entry existed in ink stipulating that the contractor might have to use machinery for excavation work. The representative of the Corporation, who was not aware of it, promised to verify the facts and inform the correct position to the Committee.

Asked whether it was not possible to enforce penalty for the failure of the contractor to execute the work, had a written agreement been entered into, the representative of the Corporation stated in extenuation that the existence of water at 2 ft.—3 ft. below the ground level was an abnormal situation and as in the circumstances manual excavation was not possible, even if a written agreement had been entered into, the Corporation would have thought it a fit case for waiving penalty. It was, however, admitted that there had been deviation from the normal practice of entering into written agreement in this case.

Purchase of Bricks—Para 15, pages 9-10—

78. In January, 1953, the Corporation executed an agreement with a contractor for the supply and delivery of bricks at kiln sites of the Contractor. As the bricks were not immediately required for work, they were kept at the two kiln sites. In 1955 by which time only a part of the bricks, already paid for, had been lifted a third party claimed to be the owner of those bricks and of the kilns and the Court of Law to whom the matter was referred stopped further removal of bricks by the Corporation unless full value thereof was paid, pending settlement of the case. The Corporation initiated legal action against the third party in July, 1955 and the matter was *sub judice*.

79. The Committee were informed that as the kilns were in two different areas the Corporation had filed two suits in this case. One of the suits had since been decreed in favour of the Corporation and a money decree of Rs. 17,421 plus costs issued by the Court against the seller. The second suit was still pending.

Infructuous Expenditure—Para 17, page 10—

80. A batching plant installed at Durgapur Thermal Power Station after stripping and cannibalising two batching plants lying idle at Bokaro Thermal Power Station proved unserviceable after working for about two months only. A Belt conveyor had also been purchased at a cost of Rs. 30,365 for the plant.

81. Asked what was the pressing need for the procurement of plants and incurring other expenditure when the project had already acquired small mixers, for the concreting work, the representative of the Corporation stated that the consulting engineers who were in charge of the work at Durgapur felt that with the batching plant the foundation work would be accelerated.

82. In reply to a question the Committee were informed that the two batching plants obtained from Bokaro were newly purchased at Bokaro and had worked for 27 months and 33 months respectively, whereafter these were laid off as there was no work left for such plants at Bokaro. The Committee were also informed that according to the estimates of the Rates and Costs Committee the normal life of such batching plants was about 5 years on the basis of 3 shifts.

Asked why the satisfactory working of the plants was not assured before these were brought to Durgapur, the representative of the Corporation stated that a demonstration test would have involved considerable expenditure on erection, testing and then dismantling of the plants.

83. In reply to a question whether the conveyor belt had been disposed of the representative of the Corporation stated that no decision had yet been taken in the matter as the Corporation intended to use it elsewhere, if possible.

84. Audit pointed out that it was not necessary to purchase the Belt Conveyor, had the buckets of the batching plants despatched from Bokaro been not lost in transit. The representative of the Corporation pleaded lack of knowledge in this matter but promised to check up and furnish the information later.

Extra cost due to inferior quality of work—Para 18, pages 10-11—

85. An extra expenditure of about Rs. 1.30 lakhs was incurred in rectification of inferior quality of foundation work. The Committee were informed that the Corporation had called upon the Consulting Engineers who had supervised the defective work to make good the loss. The Consulting Engineers had asked for some time to examine the case.

*Infructuous expenditure due to original plan proving incorrect—
Para 20, page 11—*

86. For the purpose of stacking coal in the Bokaro Thermal Power Station Coal Yard and supplying coal therefrom in the event of breakdown of the aerial ropeway which normally supplies coal to the power house direct from the Bermo Mines, a drag scraper along with the necessary railway track was purchased in December, 1950 and May, 1951 and installed in 1952 at a total cost of Rs. 3,88,346 (approx.). The drag scraper, however, worked only during the period from 1954 to April, 1956 for 239 hours only and has been lying completely idle from May, 1956 onwards.

87. Explaining the reasons for the non-utilisation of the drag scraper since May, 1956, the representative of the Corporation stated that at the time of the purchase of the drag scraper there was a proposal to mechanise the Bermo mines to raise the monthly production to 60,000—70,000 tons and to build up the reserve stock of coal. (The present output of the Bermo mines is only 20,000 to 30,000 tons per month which meets only half the requirements at Bokaro). However, it was found that the mechanisation of the Bermo Mines would necessitate a capital investment of about Rs. 80 lakhs. In view of certain later developments viz., establishment of N.C.D.C. and the Kargali Washery from which the Corporation could obtain its requirements of extra Coal for Bokaro Thermal Power Station it was felt that the additional capital investment of the order of Rs. 80 lakhs would not be justifiable.

The Committee were also informed that the General Electric Company who were the advisers of the Corporation for the equipment and accessories needed for the Bokaro Thermal Power Station and the Consulting Engineers of the Corporation had also advised for the purchase of this drag scraper for use in emergency in the event of the breakdown of the aerial ropeway. Such emergency, it was added, might still arise at any time, although the Corporation's bull-dozers could deal with most of the emergencies.

88. Asked whether it was proposed to transfer the drag scraper to some other work, the witness stated that no decision had yet been taken in the matter.

Loss due to acceptance of materials below specification (M.E.M. Division)—Para 26, page 13—

89. In 1952, the Corporation purchased and paid for materials worth Rs. 66,615 (approx.) without subjecting the materials to any test and on the basis of suppliers' own certificates that the supplied materials were according to the approved specifications and that if, at any stage they were not found up to specifications, they would accept the decision of the Industry and Supplies Department (now D.G.S. & D.) or replace the materials. However, later on the materials were found far below specifications and in January, 1954 the Corporation filed a suit against the suppliers for recovery of Rs. 66,615 but it was dismissed in February, 1958. According to Audit the D.V.C. which had spent on account of the suit Rs. 3,412.50 was advised by its Legal Adviser in May, 1958 that an appeal should be filed in High Court on 30th June 1958 but this advice was not accepted. The question of disciplinary action was under consideration of the Corporation.

Referring to the observation of Audit that the advice of the legal adviser to file a suit in High Court was not accepted the representative of the Corporation stated that after the suit filed by the Corporation was decreed against them in the Hazaribagh Court, the Counsel who had appeared on behalf of the Corporation sent the papers along with the suggestion for filing an appeal in the High Court to the Office of the Director of Soil Conservation, Hazaribagh and not to the headquarters of the Corporation. There was record in the Peon Book that the receipt clerk of the Hazaribagh office had received the papers. These papers were, however, suppressed by somebody and the matter came to the notice of the Corporation only when ninety days' period of limitation for filing the appeal was over and no further action could, therefore, be taken in the matter.

90. In explanation of the reasons for not taking the disciplinary action against the delinquent officials, the Committee were informed that by the time the dismissal of the suit came to the notice of the headquarters of the Corporation, the persons concerned had already left the services of the Corporation. The Corporation was trying to find out if these persons were in Government service or working in any public undertaking so that the facts of the case could at least be intimated to the present employers.

91. In reply to a question as to why no disciplinary action was taken against the Stores officer and others concerned for their lapses simultaneously with the filing of the suit against the suppliers, the representatives of the Corporation stated that this fact did not occur to the Corporation at that time. It was admitted that there had been several lapses on the part of the various officers in this case.

92. Asked what was the present position regarding the disposal of materials, the representative of the Corporation stated that out of 11 tons of material purchased (not 5.5 tons as given in Audit para) about 5 tons of materials had been used in the manufacture of bushings for light earth moving machinery. The rest of the material would also be utilised by the Corporation.

Discrepancy in Stores Accounts—Para 27, page 14—

93. Failure on the part of the store-keeper concerned to bring to account stores worth Rs. 2,338 was detected in February, 1958 following which departmental and Police investigations were undertaken. The Committee were informed that the Police had submitted its final report on 25th September, 1959 and had framed charges against the Store Keeper and the ex-Senior Store-keeper. The Court, however, had discharged the Ex-Senior Store-keeper and had

drawn up a charge against the Store keeper on 10th February, 1960. The case was still pending in the Court.

Write-off and losses, etc.—Para 28 (ii)—page 14—

94. Rs. 2,888 representing rent and other charges in respect of a building let out as a canteen run by a private individual during the period from 29th December, 1952 to 24th May, 1957 was written off as the whereabouts of the tenant could not be located despite obtaining a decree on 29th January, 1957 for a sum of Rs. 2,414 the balance of the rental claim being barred by limitation. There was neither any agreement nor was any security deposit taken.

95. It was admitted in evidence that there was carelessness in not foreseeing that an agreement and security deposit would have been desirable. It was, however, stated in extenuation that this case related to the early days of the working of the Corporation at Maiton. Subsequently orders had been issued to the effect that no canteen or similar institution should be allowed to run anywhere without entering into formal agreement.

Balance Sheet—Miscellaneous comments—Accounts with Sindri Fertilizers and Chemicals Limited—Para 29 (A-I), pages 14-15—

96. According to the Audit Report some of the claims of the Sindri Fertilizers and Chemicals Ltd. against D.V.C. and counter claims of DVC against S.F.C.L. have neither been shown in D.V.C. Balance Sheet, as on 31st March 1959 nor explained in the form of a note below the Balance Sheet.

97. The Committee were informed that the question of claims and counter-claims of DVC had been referred to the arbitrator. While both the DVC and S.F.C.L. have submitted their Statements of the case to the arbitrator actual arbitration proceedings have not yet started.

The Committee were also informed that following the suggestion of Audit, the claims had since been shown in the Balance Sheet as a footnote.

Balance under suspense heads of Accounts—Para 29 (A-III), page 15—

98. According to the Audit Report there were outstandings under the suspense heads "Miscellaneous Advances", "Purchases" and "Transfer Divisional" amounting to Rs. 1,45,02 lakhs, 40.85 lakhs and 26.80 lakhs respectively as on 31st March, 1959. The Committee were informed that a large portion of these outstandings had since

been cleared and the outstandings as on 30th September 1960 under the three suspense heads were Rs. 42·85 lakhs, 16·83 lakhs and 13·17 lakhs respectively.

Dues from West Bengal Government for supply of water for irrigation purpose not shown in the accounts—Para 29 (B-II), page 16—

99. According to the Audit Report a sum of Rs. 57·74 lakhs outstanding against the Government of West Bengal for supplying water during 1957 and 1958 has neither been included in the Balance Sheet nor in a footnote to the Balance Sheet. No acknowledgement from the State Government had also been obtained.

100. The Committee were informed that there were claims outstanding against the West Bengal Government even for the period earlier to 1957 and 1958 and the total claims were for Rs. 1·12 crores out of which the State Government had disputed claims for Rs. 2·66 lakhs only. However, even for the rest of the claims the Corporation had neither received any acknowledgement nor any payment so far.

The Secretary of the Corporation also informed the Committee that he had discussed this matter with the State Government at high level and had pointed out that any deficit in payment on this account would have to be made up by drawals of funds from the State Government—a participating Government—in the form of capital. Though it had been accepted as a reasonable approach, no payment for the supplies of water had yet been received from the State Government. It was added, that on the suggestion of Audit the amount was being included in the Balance Sheet.

101. Asked what action had been taken by the Central Government in pursuance of the observations of the Committee (1959-60) in this regard the representative of the Ministry stated that this matter was likely to be discussed at the ministerial level.

102. Explaining the financial effect of the non-payment of the dues by the State Government, the representative of the Corporation stated that it necessitated more withdrawals on Capital account on which the Corporation had to pay interest whereas the Corporation was not receiving any interest on the arrears of the dues from the State Government. Further as the interest liability of the Corporation was being capitalised for the first 15 years of the establishment of the Corporation it ultimately resulted in increased capital liability of the Corporation.

103. The Secretary of the Corporation also informed the Committee that Section 14(1) of the D.V.C. Act provides that the Corporation may after consultation with the State Government concerned

determine and levy rates for the bulk supply of water. Under Section 14(2) of the Act, State Government were to fix after consultation with the Corporation the rates to be charged for the supply of water to the cultivators and other consumers. In pursuance of these provisions the Corporation had fixed rates for the supply of bulk water, to which the State Government had agreed. However, in 1958 the West Bengal Government had passed an Act which provided that out of water rates realised by the State Government, deductions would be made on account of collection charges and the balance would be divided between the State Government and the Corporation in some proportion not yet decided. Though on being pointed out by the Corporation, the Central Government had taken up the matter with the State Government and pointed out that section 12 of the West Bengal Act would be *ultra vires* as being repugnant to section 14 of the DVC Act—a Central Act, the State Government was not yet agreeable to change their stand in the matter. This point was, however, to be considered further by the Central Government.

104. The Committee then adjourned *sine die*.

Proceedings of the Forty-sixth Sitting of the Public Accounts Committee held on Saturday, the 1st April, 1961.

105. The Committee sat from 14.30 to 15.50 hours.

PRESENT

Shri Upendranath Barman—*Chairman*

MEMBERS

2. Shri R. S. Kiledar
3. Shri S. A. Matin
4. Shri Radha Raman
5. Dr. N. C. Samantsinhar
6. Shrimati Sharda Bhargava
7. Shri Jashaud Singh Bisht
8. Dr. Shrimati Seeta Parmanand
9. Shri V. C. Kesava Rao
10. Shri Mulka Govinda Reddy
11. Shri Jaswant Singh.

Shri N. C. Khanna, *Assistant Comptroller and Auditor General.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

106. The Committee considered and approved, subject to certain modifications here and there, their draft Thirty-sixth Report on the Audit Report on the Accounts of the Damodar Valley Corporation for the year 1958-59.

107. The Committee then adjourned *sine die*.

APPENDIX

Summary of main Conclusions/Recommendations

Sl. No.	Para No.	Ministry/ Department concerned	Conclusions/Recommendations
1	2	3	4
1	5 (Intro.)	Irrigation and Power/ DVC	<p>The Committee regret to observe that despite repeated reminders, the Ministry of Irrigation and Power have not furnished the notes/statements showing action taken by Government on the recommendations of the Committee contained in their 30th Report (1959-60) even by the end of March, 1961. The Committee could not, therefore, examine and satisfy themselves about the adequacy of the action taken on their recommendations. The Committee have repeatedly stressed the importance of furnishing such notes within the prescribed time of one month. They would draw attention to their recommendation in para 5 (Intro.) of their 34th Report (1960-61) and urge that the notes in question be furnished without any further delay.</p>
2	6(Intro.)	Do.	<p>The Public Accounts Committee (1959-60) had expressed concern over the non-realisation of irrigation revenue by the Corporation from the West Bengal Government. They note that claims amounting to Rs. 1.12 crores are outstanding against that Government. They regret to learn that the matter is pending settlement of certain differences of opinion between the State Government and the Corporation. It is quite obvious that any financial difficulty experienced by the Corporation because of non-payment of such dues will have to be overcome by drawing upon the loan capital provided by the Participating Governments. Such a course will increase the interest liability and in turn lead to over-capitalisation. The Committee, therefore, trust that in the interests of the</p>

1	2	3	4
			Corporation and the Participating Governments alike, the matter will be settled quickly.
3	7	Irrigation and Power/ D.V.C.	The Committee regret to note that in spite of their reiteration in para 10 of their Thirtieth Report (1959-60), of the imperative need for settling the allocations, the stalemate continues. They would again invite the attention of the Participating Governments to the following observation of the Public Accounts Committee 1958-59 in para 15 of their Fourteenth Report: "Expeditious settlement of this long-out-standing question is imperative, specially when the Project has already entered upon the final phase of its execution, and the Revenue Accounts of the Project would be opened from 1963-64 for evaluating financial working of the Project."
4	11	Do.	(i) The Committee do not feel happy to see the developments regarding the claims of the Corporation for the supply of water to West Bengal. They reiterate their recommendation in para 15 of their 30th Report (1959-60) that the delay in realisation of irrigation revenue will seriously jeopardise the financial interest of the Corporation.
	12	Do.	(ii) The Committee would also stress that the Participating Governments, who are financiers of the Corporation, should in their own interest so frame their policies as not to affect adversely the avowed objects of the setting up of the Corporation. The Committee desire that the present difference between the Corporation and the State Government should be settled without delay.
5	16	Do.	(i) The Committee regret to note that even though more than four years have elapsed after the shortages of cement in transit by rail were detected, a decision has not yet been reached fixing the limit therefor. It is in the Corporation's own interest to expedite the decision on this matter as it will enable the Corporation to locate the losses and take necessary action.

1	2	3	4
17	Irrigation & Power/ D.V.C.	(ii) Unless the limits for losses of cement at different stages are laid down by the Corporation, it will always be a matter of conjecture which may not lead to any conclusions. The Committee would, therefore, emphasise the need for fixing these limits taking into account the experience of similar projects in the country.	
6	19	Do.	The Committee will like to be informed of the outcome of the case relating to extra cost due to inferior quality of work.
7	22	Do.	(i) The Committee regret to note that the Corporation failed to get the materials chemically examined immediately after their receipt, to satisfy themselves that the materials were strictly according to specification. It is also surprising to the Committee that even when it came to the notice of the Corporation that the materials were below specification the Corporation filed a suit against the suppliers for the recovery of the cost of the materials resulting in avoidable loss to the Corporation, instead of referring the matter to the Industry and Supplies Department for its decision or returning the materials to the suppliers for replacement as stipulated in the suppliers' certificates recorded in the bills.
23		Do.	(ii) The Committee are also unhappy that there had been undue delay in taking disciplinary action against the delinquent officials in this case. Even though the Workshop Superintendent reported in January, 1953 that the materials were not proving successful and the chemical examination of the samples of materials in the Government Test House at Alipore also revealed that the materials were far below specification, no action was taken against the Stores Officer concerned even till January, 1955 when he left the service of the Corporation. No action was also taken to withhold the contribution of the Corporation to the provident fund of the employees responsible for the loss of the documents sent by the legal adviser, who left the service of the Corporation during August and September, 1958.

1	2	3	4
			As according to the Corporation it generally took about two to five months to release the provident fund of an employee the inaction in this regard is deplorable.
8	26	Irrigation & Power/ DVC	(i) It is surprising to the Committee that though the Executive Engineer, while forwarding the tender received from the contractor in this case, for the approval of the Corporation pointed out the high rates quoted by the contractor for certain other items of work included in the tender, no mention was made by him regarding the high rate for this item of work which was about 15 times the estimate for the work.
	27	Do.	(ii) The Committee feel that in cases where there are large variations between the rates for the execution of any item of work and the estimates thereof the reasons for accepting such rates should be recorded in writing.
9	30	Do.	The Committee are unhappy over the delay in the repairs to the damaged quarters. resulting in avoidable loss of rent. They trust that this matter will be expedited. The Committee will also like to be informed of the outcome of the disciplinary proceedings against the Executive Engineer concerned in this case.
10	33	Do.	(i) In this case relating to extra expenditure due to execution of work without entering into any agreement, no explanation was given to the Committee for entrusting the work to the first contractor without prior execution of agreement with him.
	34	Do.	(ii) The Committee regret to observe that despite their comments in para 25 of their 18th Report (1955-56) deprecating the practice of proceeding with the execution of work without entering into any formal agreement with the contractor the Corporation again failed to enter into a written agreement in this case. The Committee urge that the Corporation should ensure that the recommendations/ observations of the Committee which are accepted by them are implemented in practice.

1	2	3	4
11	37	Irrigation and Power/ D.V.C.	It seems to the Committee that sufficient attention was not paid to the proper maintenance of the valuable machinery while in storage. The Committee would urge that the authorities of all projects utilising heavy construction machinery which cannot be kept in use continuously during its life-span, should take adequate steps to ensure proper maintenance of the machinery while not in use.
12	38	Do.	The Committee desired to be furnished with the information regarding loss in transit of the buckets of the Batching Plants despatched from Bokaro, which is awaited. They would also like to be informed of the decision taken regarding the disposal of the Belt Conveyor.
13	41	Do.	The Committee feel that the decision to acquire the drag scraper merely on the expectation that the Bermo Mines would be mechanised was premature. The Committee also doubt whether after about five years' disuse, the drag scraper will be fit to serve in an emergency. They would, therefore, recommend its early disposal.
14	44	Do.	The Committee regret to observe that not only did the Corporation fail to enter into a written agreement or to take any security deposit from the lessee of the building let out as Canteen, but timely action was also not taken to recover the rent in advance. The Committee trust that the orders issued by the Corporation in this regard will be strictly followed by all concerned to avoid recurrence of such cases.

