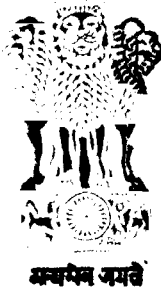


PUBLIC ACCOUNTS COMMITTEE **(1968-69)**

(FOURTH LOK SABHA)

FORTY-SECOND REPORT

**[Appropriation Account (Civil), 1966-67 and Audit
Report (Civil), 1968 relating to the Ministry
of Transport & Shipping]**



LOK SABHA SECRETARIAT
NEW DELHI

January, 1969/Magha, 1890 (Saka)

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1)	-	4	CHAPTER I- Works Expendi- ture	CHAPTER I- Roads Wing and Transport Wing
	-	1	Ministry of Transport and Shipping	Ministry of Transport and Shipping - Roads Wing and Transport Wing
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4th July, 1968 (FN)
 4th July, 1968 (AN)
 19th November, 1968 (AN)
 25th January, 1969 (FN)

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

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(1968-69)

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Shri Avtar Singh Rikhy—*Deputy Secretary.*

Shri K. Seshadri—*Under Secretary.*

*Declared elected on the 19th August, 1968 *vice* Shri M. M. Dharia resigned from the Committee.

INTRODUCTION

I, the Chairman of the Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, present this Forty-second Report (Fourth Lok Sabha) on Audit Report (Civil) 1968 and Appropriation Accounts (Civil) 1966-67 relating to the Ministry of Transport and Shipping.

2. The Appropriation Accounts (Civil), 1966-67 together with the Audit Report (Civil) 1968, was laid on the Table of the House on the 3rd April, 1968. The Committee examined the paragraphs relating to the Ministry of Transport and Shipping at their sitting held on the 4th July, 1968. The Committee considered and finalised this Report at their sittings held on the 19th November, 1968 and 25th January, 1969. Minutes of these sittings of the Committee form Part II* of the Report.

3. A statement showing the summary of the main conclusions/recommendations of the Committee is appended to this Report. For facility of reference these have been printed in thick type in the body of the Report.

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

5. The Committee would also like to express their thanks to the officers of the Ministry of Transport and Shipping for the co-operation extended by them in giving information to the Committee during the course of their evidence.

NEW DELHI;
February 6, 1969.
Magha 17, 1890 (Saka).

M. R. MASANI,
Chairman,
Public Accounts Committee.

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

I

MINISTRY OF TRANSPORT AND SHIPPING

(LATERAL ROAD PROJECT)

Audit Report (Civil) 1968

Plant and Machinery lying idle

Audit Paragraph

Government of India sanctioned construction of a lateral road 1,111 miles long from Amingaon in Assam to Bareilly in Uttar Pradesh. The total estimated cost is Rs. 110 crores. The lateral road portion consisting of National Highway and State Roads measuring 425 miles falling in Uttar Pradesh (estimate Rs. 38.80 crores) is being constructed/developed by the State Government to whom the expenditure on construction/development of State Roads is reimbursed by the Central Government as grants-in-aid.

1.2. The Government of India had obtained certain items of machinery direct and supplied them to the State Government between February, 1965 and February, 1966. In November, 1966 the State Government's Additional Chief Engineer (in charge of construction of this road) reported to the Government of India that 69 items of plant and machinery thus supplied by them, such as air compressors, generators, stone crushers, etc. costing Rs. 19.41 lakhs had not been put to any use and might not be needed even if the work was taken up in full swing.

[Paragraph 76 of Audit Report (Civil), 1968]

1.3. During evidence, the Committee were informed that the original estimate of cost of the lateral road project was Rs. 111 crores. Apart from 292 miles of road already constructed, the project envisaged new construction/improvement of road aggregating 966 miles as under:

U. P.	. . . . .	425 miles
Bihar	. . . . .	387 miles
West Bengal	. . . . .	92 miles
Assam	. . . . .	62 miles

The Committee were also informed that machinery worth Rs. 825 lakhs was purchased and supplied to these four States for the execution of ||

the project and that machinery valued at Rs. 282 lakhs had been declared surplus by three of the four States as under: —

State	Value of machinery supplied			Value of machinery declared surplus		
	Imported	Indigenous	Total	Imported	Indigenous	Total
(Rupees in lakhs)						
U. P.	124.61	166.78	291.39	109.49	95.75	205.24
West Bengal	60.91	53.10	114.01	45.21	20.18	65.39
Assam	49.85	38.89	88.74	..	11.42	11.42
Bihar	193.79	137.17	330.96	No declaration so far.		

1.4. The Committee enquired on what basis the requirements of machinery were assessed. The Secretary, Ministry of Transport and Shipping replied that in 1964, when the project was undertaken, it was planned to complete it on a priority basis in three years. This was the requirement to meet the minimum strategic needs and the Border Roads Development Board was also consulted. The technical opinion and judgement was that if the project was to be executed in three years, a certain range of equipment was required. The Committee then drew the attention of the witness to the fact that over 70 per cent of the equipment purchased for U.P., 57 per cent of that purchased for West Bengal and 12 per cent of the equipment procured for Assam, had turned out to be surplus. The witness stated that "the equipment was planned on a more or less conservative basis for the stipulated period of completion". In 1966-67, it was decided that the project should be downgraded in priority and slowed down. "It is really in this slowing down of this programme," he added, "that the surpluses have arisen." In reply to a further question, it was stated that the downgrading of priorities was made in August, 1966 due to financial stringency and the economy drive that was consequently launched and the overall change in strategic situation. The Committee then enquired what the modified time-schedule for the project was. The witness stated that the modified time schedule had not yet been determined and that it was dependent on availability of finances. In a note subsequently submitted on this point, it has been stated by Government that at a meeting held on 10th May, 1968 between the Deputy Minister in the Ministry of Transport & Shipping and the Minister of State in the Ministry of Finance, it was decided that "the scope of the project should be reviewed afresh and a firm overall estimate prepared to complete it in such a way that the expenditure

of about *Rs. 43.7 crores incurred upto March 1968 does not become infructuous and a route fit for vehicular traffic is also available." It was also decided that in view of financial stringency, it would not be possible to have the project completed either in 1968-69 or 1969-70 and that therefore the construction should be phased out over a longer period. A Study Team consisting of officers of the Roads Wing of the Ministry of Transport & Shipping and a representative of the Ministry of Finance was therefore constituted to visit the various States dealing with the project for an on-the-spot study of the minimum specifications, the outstanding liabilities and the minimum expenditure required for completion of the project. The Study Team visited the four States dealing with the project between July, 1968 and August, 1968. The Study Team made the following recommendations in their report:

- (1) The overall cost of the project after taking into account the outstanding liabilities, revised curtailed specifications and the minimum expenditure required for completion of the project in all respects is assessed at Rs. 73.3 crores.
- (2) As expenditure to the extent of Rs. 43.70 crores has already been incurred upto 31-3-1968, a further amount of Rs. 29.62 crores is required to complete the Project.
- (3) An amount of Rs. 29.62 *crores may be provided during the next three years ending 1970-71 to complete the Project.

The above recommendations have been accepted by Government.

1.5. The Committee pointed out that there had been several instances where the machinery supplied to the State Governments exceeded their assessment of requirements. So far as U.P., was concerned, for instance, the demand for air compressors was 30, against which the number supplied was 33. For granulators the demand was 5, but the number supplied was 12, while for pumping sets, the number supplied was 70, against the demand for 55 numbers. The representative of the Ministry stated that the demands of the State Governments for machinery were discussed in the Ministry with the Chief Engineers concerned and thereafter related to the requirements of the project in each case. After the surplus was reported, the matter was taken up by Government as a general problem and a high level committee was set up in February, 1968. The terms of reference of the Committee were briefly:

- (i) to examine the arrangements for planning the procurement and purchase of machinery for various road programmes and suggest improvements therein;

*According to audit Rs. 1.62 crores are available with States representing unspent funds upto 31st March 1968 out of allotments made to them.

- (ii) to review the extent to which machinery has been put to proper use and suggest measures for optimum use of surplus machinery;
- (iii) to evolve a proper procedure for transfer of machinery from the Central Government to the State Governments;
- (iv) to examine the existing arrangements for accounting, maintenance and repairs of machinery allotted to the State Governments and suggest improvements;
- (v) to examine the criteria for declaring equipment as surplus, the methods of disposal of surplus machinery and examine the possibility of creation of a central cell for maintenance of machinery during periods when they are surplus.

The Committee was asked to submit its report within a period of three months, but owing to unavoidable delays in the progress of its work and the retirement of the Chairman and one of its members, the question of its reconstitution had to be taken up. The Committee has been reconstituted on the 7th October, 1968. The terms of reference of the Committee are:

- (i) to examine the arrangements for planning the procurement and purchase of the machinery for National Highways, IDA, Lateral Roads, Emergent Roads, Strategic Roads and such other Road programmes within the purview of the Ministry of Transport and Shipping (Roads Wing) and suggest improvements therein to the extent required.
- (ii) to examine the existing arrangements for transfer of the machinery from the Central Government to the State Government(s) and suggest an appropriate procedure for the same in future.
- (iii) to review the extent to which such machinery has been put to proper use on Central Road Projects.
- (iv) to examine the arrangements for the proper accounting, maintenance and repairs of machinery allotted to State Government(s) for use of Central Road Projects and suggest improvements wherever necessary.
- (v) to examine the existing procedures (accounting and otherwise) for generation of the necessary resources for the proper maintenance and storage of the machinery both during its use and non-use;
- (vi) to examine the criteria for declaring such equipment as surplus, as related to Road programmes for which they have been procured and the methods of disposal of the same by transfer or otherwise after such declaration.

(vii) to examine the possibility of creating a Central Cell for the maintenance of the machinery during periods when they are declared surplus till such time as they are utilized on other projects.

(viii) to suggest measures for the optimum utilization of the surplus machinery on the road and bridge works in future.

The new committee is required to submit its report within a period of six months.

1.6. The Committee enquired whether, after it came to Government's notice that machinery was becoming surplus, any steps were taken to cancel the pending orders. The representative of the Ministry replied, "Whenever the contracts could be cancelled, they were cancelled after consulting the Law Ministry." The Committee asked for a note on the point whether, when the scope of the project underwent a change, Government anticipated that machinery would become surplus and if so, what specific action was taken by them to cancel the pending orders or to divert the machinery elsewhere. The note has been furnished. In the note, Government have stated that the value of orders pending, at the time the project underwent a change, was Rs. 497 lakhs. The question of cancellation of pending orders/indents was taken up with the D.G.S. & D. and order/indents for various items valued at Rs. 152 lakhs were cancelled as under:—

	No.	Estimated cost (Rs. in lakhs)
1. Pile Driving Equipment	65	53.00
2. Sheath Metal Strips	200 tons	6.00
3. Sheath Making Machines	16	0.48
4. High Pressure Grouting Pumps	21	2.40
5. Hot Mix Plant	4	12.00
6. Paver Finisher	2	3.00
7. Diving Equipment	150	0.75
8. Bitumen Pressure Distributors	6	3.30
9. Chip Spreaders	18	9.00
10. Tractor Dozers	20	30.00
11. Convertors	9	0.44
		<hr/>
Spare at 20%		120.37
Transportation Charges 2-1/2		24.07
Contingencies 3%		3.61
		<hr/>
TOTAL		152.49

Out of the surplus machinery the following have been transferred to other projects:

Machinery	No. transferred	From	To whom transferred
Pushers	8	LRP U.P.	Strategic Roads, Rajasthan.
Grab dredging cranes	4	LRP W.B.	Tuticorin and Paradip Harbour Projects.
Mobile cranes	30	LRP W.B. and Bihar	Bokaro Steel (22 Nos.), Strategic Roads, Rajasthan, Madras Nagaland, Orissa and U.P. Govts. and Vishakapatnam Port Trust (1 No. each).
Granulators	16	LRP U.P. and Bihar	Rajasthan State P.W.D.
Stone crushers	9		
Concrete Mixers	6		
Concrete Vibrators (immersion type)	12		
Power winches with grabs	2		

In a subsequent written note the Ministry have furnished two statements showing the orders pending in August, 1966, both for indigenous and imported machinery which are given in Appendix I to the Report. It would be seen therefrom that orders for indigenous equipment and machinery of the value of Rs. 53.44 lakhs were not cancelled.

1.7. As regards the imported equipment (Appendix II) out of the total value of equipment and machinery of Rs. 311.03 lakhs, orders were cancelled in respect of machinery of the value of Rs. 30 lakhs. Orders for the machinery and equipment of the value of Rs. 8.62 lakhs were not cancelled.

1.8. Explaining the steps taken to reduce the commitments on the project after the project was downgraded, Government have stated in the note that on 1st August, 1966, the State Governments were telegraphically advised not to enter into fresh contracts or commitments and explore all avenues of saving consistent with contractual obligations. On 20th October, 1966, the State Governments were given instructions that "the expenditure on new works as well as on maintenance works should be postponed whenever possible" and the overall expenditure on all unavoidable works should be kept well within the reduced allotments made. On 5th

June, 1967, the instructions to avoid commitments and bring down existing ones were again telegraphically reiterated.

1.9. The Committee desired to know whether, apart from the two telegrams dated the 1st August 1966 and 5th June, 1967, which were issued to the State Governments consequent on the downgrading of priority for the Lateral Road Project, any other letters or communications were sent to them specifically on the subject, with particular reference to the review of the existing machinery rendered surplus to requirements and to cancel outstanding orders for machinery and equipment. In reply, the Government have stated "the requirement of machinery for the construction of the Lateral Road was assessed by the Roads Wing of the Ministry of Transport and Shipping on the basis of volume of work that was required to be done on the project. The position of procurement of machinery was also reviewed twice by the Government. While in the case of certain items their quantity was reduced, in the case of other items the indent sent to the D.G.S. & D. was cancelled. In view of this, the necessity of addressing the State Governments about the review of the machines did not arise."

Eventually machinery and equipment of the value of Rs. 282 lakhs was declared surplus as under:—

<i>Imported</i>	<i>Indigenous</i>
Rs. 15470 lakhs	127.35 lakhs

1.10. The Committee drew the attention of the representative of the Ministry to a report that in one of the States, U.P., the machinery was lying in the open and asked what arrangements had been made for the safe custody and maintenance of equipment declared surplus by the State. The witness replied that the State Governments were the agents of the Central Government for purposes of construction and were also charging the Central Government agency charges which included the expenses for maintenance of equipment. He added: "The responsibility for the upkeep of the equipment or, when it is not in use, for its maintenance till it is actually transferred to some other place completely rests with the State Government and I take it that, as responsible agencies, they would be fulfilling their obligations." In a written note, the Ministry have stated that for the safe custody and protection of the surplus machinery, workshops and parking sheds have been constructed in the various States. Engineers have also been posted to guide the concerned executive authorities in the matter of safe custody and maintenance of the machinery. "No reports of damage or theft in respect of the surplus machinery have been received so far from any of the State Governments".

1.11. The Committee find that the high powered Study Team which had examined the progress of the Lateral Road Project had observed *inter-alia* in their Report (September, 1968) that "these machines seem to have been lying unwatched and exposed to weather as they have not been used so far and are not to be used also in the execution of the remaining work in question. The problem, therefore, has to be viewed from a broader angle and with a uniform policy in view. Quite a large sum has been invested on these machines. Protection from weather, pilferage is definitely warranted to save these machines from serious deterioration and loss. In the first instance, the Ministry may ascertain the actual requirements of each State in this respect and process it further as an independent and consolidated case."

1.12. The Committee enquired about the progress made in the construction of roads and wanted to know whether after the earthwork on the roads had been completed metalling had been done to ensure that the earthwork already completed was not washed away. The representative of the Ministry stated, "We do realise that we should have the metal laid on the earthwork quickly and in time, but due to constraint on resources, it was not possible to enter into new contracts. Therefore, the work of laying the stone metal has been rather slow. But we expect to progress with it during the coming year." In a written note the Ministry have further explained the position as follows:

1.13. "In U.P., out of 425 miles, 37 miles have been completed upto the stage of black topping. In Bihar, the widening to 2 lanes of Muzzafarpur-Barauni section covering a length of 68 miles has been completed. In the remaining length of the Lateral Road in all the four States, i.e., U.P., Bihar, West Bengal and Assam, there is practically no mile where progress on earthwork is 100 per cent complete."

1.14. "As the earthwork for the embankment was to be done under controlled conditions, it had been planned that the road structure, including metalling should follow soon after the subgrade level had been reached. When the work is in full swing again, the same phasing would be followed, if funds are made available well in time and regularly."

1.15. The Committee find it hard to understand how, after having embarked on the construction of a lateral roadway on a priority basis in 1963 and entered into commitments, Government could abruptly decide in 1966 to downgrade the priority and virtually suspend further work on the project. In the result, the roadway has come up in unconnected stretches and in several sections had not progressed beyond the stage of earthwork which, not being metalled, could well be eroded by the rains. The Committee also note with concern that out of machinery and equipment worth

Rs. 825 lakhs ordered for the project, about one-third of the machinery and ~~equipment~~ of the value of Rs. 282 lakhs (including imported machinery of the value of Rs. 154 lakhs) has already been rendered surplus. It is evident that orders for the equipment and machinery were placed without thorough and detailed investigation in consultation with the State Governments. The Committee cannot help feeling that the whole project, in fact, was planned in haste and without a careful assessment of the long-term requirements vis-a-vis available resources.

1.16. What the Committee find particularly distressing is the fact that, though Government decided as early as August, 1966, to slow down the project, it was not till May, 1968, i.e., after the Audit paragraph on the case appeared, that Government took up the question of salvaging the investment in the project. A Study Team was then appointed to study proposals for completion of the project at the minimum possible cost. The Committee feel that a decision in this regard could well have been taken by Government in August, 1966, when they downgraded the priority of the project. The Committee note that Government have now accepted the recommendations of the Study Team that an additional amount of Rs. 29.62 crores should be provided for the project during the next three years to complete it by 1970-71. The Committee would like Government to ensure that the project is now completed on schedule so that no portion of the expenditure of Rs. 43.7 crores already incurred on the project is rendered infructuous.

1.17. The Committee note that, apart from three communications addressed to the State Governments in August, 1966, October, 1966 and June, 1967, advising them to avoid new commitments on the project and to prune existing ones, no steps were taken either to ascertain how much machinery had become surplus or to ensure the proper upkeep and maintenance of the surplus machinery till it could be gainfully utilised. Government apparently failed to consider the problem till 1968, when they constituted a committee to go into this and other ancillary questions. The Committee cannot help feeling that Government did not show the same enthusiasm for putting the machinery to use as they did in buying it.

1.18. The Committee note that out of orders for machinery and equipment for Rs. 4.97 crores pending at the time the project was down-graded in priority, Government have been able to cancel orders for only Rs. 1.52 crores. The Committee would like Government to examine in detail how best the standing commitments in this respect could be got over, keeping in view the changed requirements and financial implications.

1.19. Government should also consider how the machinery already purchased or in the process of supply could be diverted to gainful use.

elsewhere. The Committee would like in this connection to draw special ~~attention~~ to the observations of the Study Team that these machines have been lying unwatched and exposed to the weather and that these have neither been used so far nor are likely to be used in the execution of the project. The Committee would like Government to take ~~necessary~~ steps to ensure that the machines should be protected against loss, theft, pilferage, cannibalisation or damage due to inclemencies of weather.

1.20. In the interest of economy, the Committee would go to the extent of suggesting that further purchases of road building equipment should not be made without first bringing the surplus machinery into use. Government should also profit by their experience in this case and evolve realistic ~~criteria~~ for the purchase of machinery for road building projects in future so that precious resources are not squandered. To ensure that such machinery is put to sustained use, Government should also consider the question of standardisation of the equipment, so that ~~machinery~~ purchased for a project could after its ~~completion~~ be used without difficulty on other new projects.

1.21. The Committee would also like Government to examine whether the ~~recourse~~ of supply of machinery to the State Governments for the ~~works entrusted~~ to them on behalf of the Centre on an agency basis should not provide that after completion of the projects the machinery is returned to the Centre for utilisation elsewhere. Government may consider whether they should not create a Central pool of such machinery so as to ensure their utilisation in similar projects undertaken in other States so that purchase of fresh machinery for those projects could be minimised.

1.22. The Committee hope that the High Level Committee set up in October, 1968 will finalise its Report with expedition. The Committee may be apprised of the main recommendations of the High Level Committee together with Government's decisions thereon.

Non-recovery of extra expenditure

Audit paragraph

1.23. 6 out of 7 road works connected with construction of National Highway No. 11 executed by the State Government of Rajasthan on an agency basis, allotted to the Bharat Sewak Samaj in April and June, 1963, were left incomplete in May—July, 1965, 9 to 21 months after the expiry of the completion dates stipulated in the respective contract agreements. The seventh work was not taken up for execution. All the works had to be got completed through other agencies during 1965-66 and 1966-67, at an extra expenditure of Rs. 1.49 lakhs.

1.24. Under the terms of the contract agreements with the State Government, the Samaj rendered itself liable to pay a maximum penalty of Rs. 1.04 lakhs (10 per cent of the estimated cost of the works amounting to Rs. 10.40 lakhs) for its failure to complete the works within the stipulated period, in addition, the extra expenditure of Rs. 1.49 lakhs incurred in getting the works completed through other agencies could have been recovered from it. The State Government, however, imposed (in January, 1966) penalty calculated at 2 per cent of the estimated cost of works amounting to Rs. 20,791 only; it also ordered waiver of the recovery of extra expenditure of Rs. 1.49 lakhs on the ground that the Samaj, which was a voluntary organisation enjoyed "certain privileges", such as, non-payment of earnest money and security deposits, etc.

1.25. Audit brought the case to the notice of the Government of India in May, 1967; their remarks were awaited (January, 1968).

[Paragraph No. 77 - Audit Report (Civil), 1968]

1.26. The Committee pointed out that the Rajasthan Government took up the construction of the road as an agent of the Government of India. As the Government of India were the principals, they were affected by the decision of the State Government to waive the recovery of extra expenditure of Rs. 1.49 lakhs and to scale down the penalty from Rs. 1.04 lakhs to Rs. 20,791. The Committee enquired whether the Central Government were consulted by the State Government before these dispensations were given. The witness informed the Committee that the case "came to our notice only when we saw the Audit para." Thereafter the Government of India wrote to the State Government asking for "a complete report." The decision in regard to the waiver was taken by the Rajasthan Government in January, 1966. The witness added: "They have taken the stand that, under the existing procedures, where the State Government acts as the agent of the Central Government and where they are the responsible party in regard to any dispute which arises in regard to any contract, they have the right to take any action which may be necessary in terms of the contract." The witness stated further: "This position is extremely unsatisfactory" and proceeded to say. "This thing has been taken up as a part of overall exercise in regard to Centre-State relations about the functioning of State Governments as agents for the Centre and also the other problems of the State Governments exceeding the provisions which we make in the budget every year." Elaborating this point further he stated:

1.27. "Actually, we have come across various situations where because of the budgetary constraints, we restrict the budget provision for particular States. But the entire accounting procedure is such that it is directly debited to the Centre in spite of the recommendations made by an earlier Public Accounts Committee that we should get monthly reports

from the State Government so as to ensure that the amounts are kept within the budgeted provision. We are not getting this information and a number of States incur excess expenditure in regard to claims also; the State Governments sometimes act in a way which may be detrimental to the Centre. So, we are re-examining the entire question of the existing arrangement between the Centre and the States with a view to (a) tightening up the procedure regarding the budget expenditure being limited to the budget grant and (b) Ensuring that the State Government take our concurrence before resorting to deviations from the contracts leading to additional central liability.

This second aspect is also being examined in consultation with the Ministry of Law.

1.28. The Committee drew attention to their observations in paras 65-66 of their 34th Report (Third Lok Sabha) in which they had suggested a review of all special facilities extended to the Bharat Sewak Samaj and to the instructions issued by Government in May, 1966, in pursuance of these observations, discontinuing the special concessions, and enquired why the dispensations pointed out in the Audit paragraph were given. The witness stated: "The Rajasthan Government has stated that the views of the Central Public Accounts Committee were known to them at the time they took the decision", but "they have taken the stand on the position that . . . they have the right to take any action which may be necessary in terms of the contract."

1.29. The Committee enquired whether Government had asked Government of Rajasthan to pay the amount of Rs. 1.49 lakhs waived by them. In a written note, the Ministry of Transport and Shipping have stated that Government of Rajasthan was asked on the 29th October, 1968 to refund the amount involved. The Government of Rajasthan was also reminded on the 31st December, 1968 telegraphically.

1.30. The Committee enquired how many contracts were awarded to Bharat Sewak Samaj on the advice of Central Government. In a written note the Ministry of Transport and Shipping have stated that no work was awarded to Bharat Sewak Samaj on the advice of the Central Government in regard to 14 States. The information in respect of the remaining States was being collected by the Government.

1.31. The Committee enquired whether the loss sustained by the Government of India as a result of the decision of the Rajasthan Government could not be made good from the agency charges payable to that Government for execution of the work. The witness stated that payment of agency charges was not made after completion of the work, but was "adjusted simultaneously" by the Accountant General of the State on each occasion a bill for the work was paid. He added that Government "will

consider using agency charges as a lever" to recoup any loss, as a matter of general procedure for the future.

1.32. The Committee note that, owing to a default on the part of the Bharat Sewak Samaj, Government have had to incur extra expenditure of Rs. 1.49 lakhs on certain road works. The Samaj have escaped liability not only for this extra expenditure but also for a major portion of the penalty of Rs. 1.04 lakh leviable for their default. What is particularly regrettable is that these dispensations to the Samaj should have been given by the State Government concerned without consulting the Government of India on whose behalf they undertook the work. Besides, these dispensations were contrary to the instructions issued by the Government of India in pursuance of the observations of this Committee in their 34th Report (Third Lok Sabha), for discontinuing all concessions to the Samaj.

1.33. The Committee note that the Government of India are themselves not satisfied with the existing arrangements for the execution of agency work, as they leave scope for important decisions bearing on the cost of work being taken by the State Government, without prior consultation with the Government of India and that this issue is under examination. They hope that steps will be taken suitably to streamline the procedure so that the Government of India's concurrence is invariably obtained before important decisions affecting the financial interests of the Central Government are taken by the State Government. The Committee would also like to be apprised of the recovery from the State Government of the extra expenditure incurred in this case.

Grant No. 140—Other Capital Outlay of the Ministry of Transport and Civil Aviation.

Group-head	(In lakhs of rupees)		
	Total Grant	Actual Expenditure	Excess : saving —
E—Capital Outlay on Shipping, Tankers, etc.			
E. I.—Expenditure on Dredger-cum-Survey Pool for Minor Ports in India			
	O. 76.54 } R. —44.27 }	32 27 16 32	—15.95

1.34. The provision was intended to make stage payments in respect of 2 suction dredgers, 2 sets of pipelines, 2 tugs, 4 hopper barges and survey equipment orders for which had been placed.

1.35. As the dredgers were not delivered in time by the supplying firm, it was decided not to make any payments to them during the year. Similarly no payment fell due to the firm on whom the supply order for the pipeline was placed as they did not initiate any action towards the execution of the contract. Payments to the supplying firms in respect of the tugs and the barges were also much less than the provisions made due to the slow progress of construction. All these resulted in the non-utilisation of more than 78 per cent of the original provision under the head.

[Appropriation Accounts (Civil), 1966-67]

1.36. Taking note of the fact that the savings under this Group-head of Appropriation, amounting to about 85 per cent of the original provision, were caused by delay on the part of certain firms in supplying dredgers, tugs and barges, the Committee enquired what the extent of delay was and what action had been taken by Government against the firms for belated supply. In a note, Government have brought the following position to the notice of the Committee:

"(i) *Dredgers*: An order for 2 cutter suction dredgers costing Rs. 150 lakhs (\$ 1,895,400 dollars portion of the contract price + \$ 800,000 cost of steel portion of the contract + Rs. 49,32,947 rupee portion of the contract price) plus custom charges, port dues etc. (about Rs. 20 lakhs) was placed on Messrs Ellicott Machine Corporation, U.S.A. through the India Supply Mission, Washington in August, 1961. The first dredger was stipulated to be delivered in June, 1963, and the second in October, 1963 (these dates were later extended up to September, 1963 and January, 1964 respectively). While the complete machinery for the dredgers was to be imported from U.S.A. the dredgers were to be constructed in India by Messrs Hooghly Docking and Engineering Company Limited, Howrah under the supervision of Ellicotts.

The firm did not supply the dredgers in time. The first dredger could be completed and delivered only in October, 1965 and the second in March, 1967. Apart from certain Force Majeure causes, which delayed delivery by about 9 months, the principal reason for the inordinate delay was the failure of the firm to initially design the vessel to fulfil the contract requirements of maximum draft and manoeuvrability. Consequently a large scale structural modification was necessitated. Though the cost of the modification which has been substantial, has been borne by the firm, Government have in addition, claimed liquidated damages from the firm for delay in the delivery of the M.O.T. Dredgers I and II in terms of the contract.

A notice for the recovery of liquidated damages in respect of the 1st Dredger, amounting to Rs. 54.72 lakhs (Dollar portion \$ 555,281 and

rupee portion—Rs. 13,07,230.96) was given to the firm on the 28th September, 1966. Another notice for the recovery of liquidated damages in respect of the second dredger, amounting to Rs. 85.17 lakhs (Dollar portion \$ 8,64,352 and rupee portion—Rs. 20,34,840) was given to the firm on the 13th October, 1967. The firm have formally rejected these claims.

The question of settlement of the dispute relating to the claim of liquidated damages was referred to the Ministry of Law, who had advised that since the cause of action lay in New York, the Legal Adviser to the I.S.M., Washington be consulted and his advice followed. The Legal Adviser to the I.S.M., Washington, advised adjudication of the claim by arbitration, keeping to the American practice of appointing three arbitrators. The agreement to refer the matter to arbitration has been signed between the I.S.M., Washington and the firm on the 31st January, 1968. The arbitrators on behalf of the I.S.M. and the firm have also since been appointed. The India Supply Mission informed in March, 1968 that the question of appointing the third arbitrator (umpire) was still under consideration.

(ii) *Pipeline*: An order for 2 sets of pipeline costing Rs. 27.09 lakhs was placed through the Director General of Supplies and Disposals on M/s. Blackwood Hodge (India) Private Ltd., New Delhi in April, 1964. In spite of repeated requests, the firm did not execute the order and therefore the order on the firm had to be cancelled in January, 1967, without financial repercussion. A fresh order on M/s. Garden Reach Workshops, Calcutta for the 2 sets of pipeline costing Rs. 28.33 lakhs was placed in June, 1967. The firm has agreed to deliver the first set within six months from the date of allocation of all steel materials and the second set as well as spares within four months thereafter. The first set of pipelines is expected to be delivered by the end of the current calendar year (1968).

(iii) *Tugs*: An order for 2 Nos. tugs costing Rs. 45.50 lakhs was placed through the Directorate General of Supplies and Disposals on M/s. AFCO, Bombay in April, 1964. It was stipulated in the contract that the first tug would be delivered within 12 months from receipt of the official order, import licence approval of drawings and all steel at firm's works, provided the imported items arrived at firm's work 5 months before delivery date, i.e. by the 31st August, 1965. The second tug would be delivered within 2 months from the date of delivery of the first tug i.e. 31st October, 1965.

The first tug was delivered in December, 1966 and the second tug in April, 1967. The question of charging the liquidated damages from the firm under the contract for the delayed delivery is under consideration of the Directorate General of Supply and Disposals.

(iv) *Barges*: An order for 4 Nos. hopper barges at an estimated cost of Rs. 72.08 lakhs was placed through the Directorate General of Supplies and Disposals on M/s. Hooghly Docking and Engineering Co. Ltd., Howrah in June, 1965. It was stipulated in the contract that the first barge would be delivered within 9 months from the date of the receipt of the order subject to approved drawings and steel materials being available at firm's works and subject further to receipt of machinery and other equipment from abroad and Directorate General of Supplies and Disposals Force Majeure Clause. The other 3 barges would be delivered within a period of six months thereafter. The barges have not been delivered so far. Government is at present taking necessary action through the Directorate General of Supplies and Disposals to expedite delivery of the four barges. The question of charging the firm liquidated damages for the delayed delivery will be taken by the Directorate General of Supplies and Disposals.

(v) *Equipment for Survey Wing*: An order for 6 survey launches costing Rs. 11.40 lakhs was placed on AECO, Bombay in 1961 and the launches were delivered in 1962. Order for survey equipment is placed from time to time, as and when necessary."

1.37. The Committee note that Government have claimed a sum of Rs. 139.89 lakhs as liquidated damages from a firm for the belated supply of dredgers and that the matter is being referred to arbitration. They would like to be apprised of the outcome of the arbitration proceedings.

1.38. The Committee also note that liquidated damages are proposed to be claimed from certain other firms for delay in the supply of tugs and barges. They would like to be informed in due course of the settlement of these claims.

II

BORDER ROADS ORGANISATION

(State of repairs to machinery and vehicles)

Audit Paragraph

2.1. The Border Roads Organisation had 5,690 machines (of which 2,065 were earth-moving construction machines) and 6,004 vehicles on 31st May, 1967. The book value of these machines and vehicles, most of which were procured from the trade, totalled Rs. 17 crores and Rs. 14 crores respectively.

At the time of assessment by the Director General, Border Roads of requirements of machinery, vehicles, etc., a repair pool of 10 per cent is normally provided. A review of the state of repairs to the machinery and vehicles requiring major repairs overhaul as on 31st May, 1967, however, disclosed that 21 to 29 per cent of machinery, etc., were under, or awaiting, repairs as shown below:

	Total number of machines/vehicles	No. under, or awaiting, repairs		Total	Percentage of vehicles awaiting repairs
		Under repairs in workshops	Awaiting evacuation from workshop		
Earth-moving and construction machine	2,065	355	243	598	29
Other machines	3,625	568	210	778	21
Vehicles	6,004	981	466	1,447	24

Further, a large number of machines/vehicles in workshops had been under repairs for over a year or more as shown below:—

	Number under repairs in workshops for				Total
	Over 3 years	Over 2 years	Over 1 year	Less than year	
Earth-moving and construction machines	39	28	76	212	355
Other machines	50	26	89	400	565
Vehicles	75	42	194	640	95
TOTAL	164	96	359	1,252	1,871

2. 2. The position in respect of some particular types of machines, vehicles was as under:

	Total number with the organisation	No. awaiting repairs in workshops for				at work sites	Total	Percentage of machines under repairs
		over 3 years	over 2 years	over 1 year	less than a year			
Tractors	817	31	17	44	116	20	32	40
Motor graders	52		2	1	7	11	21	40
Compressors	776	11	2	51	158	70	292	38
Trucks 15 cwt/1 ton	1,435	28	14	84	212	140	478	33
Tippers/Dump trucks	654	1	7	52	117	67	244	37

2.3. The high ratio of machinery and vehicles requiring repairs, and delay in putting them back in service, is bound to hamper the normal progress in construction of border roads.

2.4. The Border Roads Development Board stated in February, 1968 that completion of overhauls was delayed due to absence of a few spare parts which were not available from indigenous sources. The high percentage of the machines, etc. awaiting repairs was also attributed to the following factors:

- (i) Some of the machines and vehicles are beyond economical repairs but are still to be stripped and examined.
- (ii) Workshop equipment required for undertaking repairs was received during 1962-63 and overhauls of the machinery and vehicles could be taken up only from 1963-64.
- (iii) There are limiting factors in evacuation of machinery from work-sites, e.g., necessity to break them into small loads, non-availability of transport, long time taken in transit.

Paragraph No. 66—Audit Report (Civil), 1968.

2.5. In the course of evidence, the Secretary, Ministry of Defence pointed out that some discrepancies/errors had been noticed in the records relating to the machinery and equipment and that the data in the Audit paragraph would require to be corrected. He pointed out that if these corrections were carried out, the percentage of machinery and equipment awaiting repairs would come down from 21 per cent—29 per cent given in the Audit paragraph to 14 per cent—23 per cent, though, he added, "this affords no consolation or solace."

2.6. At the instance of the Committee, Government furnished the corrected statement of machinery and equipment awaiting or under repairs. The statements are reproduced below:

(1) *Statement Showing Holdings of Equipment and Those Awaiting Repairs.*

	Total number of machines/vehicles	Number under or awaiting repairs		Total	Percentage of vehicles awaiting repairs
		Under repairs in workshops	Awaiting evacuation from work sites		
Earthmoving and construction machines	1,999	256	204	460	23
Other machines	3,387	330	145	475	14
Vehicles	5,521	630	377	1,007	18

(2) *Statement Showing Periods for which Equipment has been Awaiting Repairs*

	Number under repairs in workshops for				Total
	Over 3 years	Over 2 years	Over 1 year	less than one year	
Earthmoving and construction machines	18	13	47	178	256
Other machines	16	20	69	225	330
Vehicles	13	13	107	497	630
Total	47	46	223	900	1,216

(3) *Statement Showing Repair Position Machinery-Wise*

	Total No. with the organisation	Number awaiting repairs in workshops for					Total	Percentage of machines under repairs
		over 3 years	over 2 years	over 1 year	less than 1 year	at work sites		
Tractors	698	16	3	19	90	81	209	30
Motor Graders	50	..	..	2	6	11	19	38
Compressors	770	9	6	54	150	69	288	37
Trucks 15 cwt/1 ton	1,244	6	4	37	156	84	287	23
Tippers/Dump Trucks	635	1	5	47	105	67	225	35

2.7. The Committee drew the attention of the Secretary, Ministry of Defence to para 1.66 of their 18th Report (Fourth Lok Sabha) in which they had emphasised the necessity for ensuring optimum use of the equipment with the Border Roads Organisation and enquired what action had been taken in pursuance of these observations. The witness stated that the question had been remitted for a work study by the Director of Scientific Evaluation, Ministry of Defence and that they would be considering the problem and its solution after the result of the work study was known. He added that a high-powered Committee had also gone into the question and its recommendations had been implemented. Elaborating the point, he stated that certain powers had been delegated to Commanders of Base Workshops for local purchase of spares and that the Director General and Chief Engineers have been vested with larger powers than before for having repair work done through private firms, if necessary. The provisioning procedure had also been revised.

2.8. The Committee pointed out that the percentage of machinery etc. awaiting repairs was excessive and enquired what steps had been taken to build up an efficient repair organisation. The witness pointed out that there were two Base Workshops, started in 1963-64, which were centrally located, apart from 20 mobile Workshops located in project areas for local servicing repairs. He added: "We have found that the output of the workshops has been fairly satisfactory. Except in the initial period of building up, the output has been improving. In the period January-March, 1968, the output was in excess of what could have been expected on the basis of the norms settled."

2.9. In response to a question, it was stated that close liaison was being maintained with the Army Base workshops and wherever necessary, the repairing facilities in the military workshops were being utilised for overhaul of machinery belonging to the Border Roads Organisation.

2.10. The Committee enquired whether the programme of the Border Roads Organisation had been affected by the fact that their machinery and equipment were awaiting repairs. The Director General, Border Roads Organisation stated it had not been possible to realise their original programme of doing formation cutting of 600 miles and surfacing of 1,000 miles. Elaborating, the Secretary, Ministry of Defence pointed out: "This is a very complicated question because the shortfall in the output of the project is due to more reasons than one. It is a question of adjustment of the staff according to the requirements, availability of manpower, machines and balancing requirements So I would say that non-availability of machines to a sufficient extent would be a factor, but only one of the factors."

2.11. The Committee are constrained to observe that the proportion of machinery and equipment awaiting repairs is very much on the high side

From the data furnished by Government, it is seen that the percentage of equipment under or awaiting repairs ranged from 23% in the case of earth-moving and construction machines to 14% in the case of other machines against the Department's normal allowance of 10%. About one-third of the equipment under repair in the workshops categorised as "earth-moving and construction machines" and "other machines" have been in the process of repair for periods ranging from one to over three years, while the proportion in the case of vehicles is a little over one-fifth. In the light of Government's claim that the output of the workshops is satisfactory, this position seems inexplicable.

2.12. The Committee cannot help feeling that the Border Roads Organisation has not tackled the problem of repairs to machinery and equipment and vehicles in a businesslike manner. Perhaps the roots of this complacency lie in the fact that the Border Roads Organisation carry a very heavy inventory of machinery and equipment and vehicles costing over Rs. 31 crores, all of which obviously is not being put to optimum use. The Committee note that, in pursuance of the recommendations made by them earlier in paragraph 1.66 of their 18th Report (1968), Government have now specifically referred the question of optimum utilisation of machinery and equipment by the Border Roads Organisation to the Director of Scientific Evaluation. The Committee would like to await the result of the study and the action taken by Government on it to improve the utilisation of the existing machinery and equipment.

2.13. In the meantime, the Committee suggest that performance in the workshops should cope efficiently with the heavy backlog of repair work. The Border Roads Organisation should also enlist the active assistance of the Army Base Workshops for carrying out repairs to machinery to the maximum extent feasible. Government may also like to examine whether adequate use has been made of the power delegated by them to the local formations for getting the repair work done through the civil trade where this is a more advantageous and expeditious alternative.

2.14. The Committee suggest that, before Government sanction the purchase of additional machinery and equipment for the Border Roads Organisation, they should examine the extent to which such expenditure can be obviated by pressing into service the very large stock of machinery and equipment which is at present awaiting repair in the workshops or in the field.

2.15. The Committee drew the attention of Government to the large number of machines awaiting evacuation from the work-site and enquired why such a situation had arisen. The Director General, Border Roads, stated that shortage of transport was one reason. Explaining further, he

stated, "There was a certain closure in one tyre manufacturing company. So we were not able to get the desired quantity of tyres and the vehicles could not be moved into position. Then came the question of priority—Whether we give priority to the construction of roads or we employ the available transport for evacuation. A decision was taken that we must go ahead with the work and delay evacuation." Explaining the position, the Secretary, Border Roads Development Board pointed out that apart from the difficulty involved in breaking up heavy equipment into suitable loads for purposes of transport, there was the further difficulty in Ladakh and other places that roads were usable only during a limited period of time. However, the Secretary, Ministry of Defence admitted that "this particular aspect of the Border Roads Organisation's work requires closer looking into. . . . I think there is certainly scope for improvement. The progress of evacuation of these equipments is being watched and from time to time remedial action is being taken. I would not say that the problem does not exist."

2.16. The Committee are distressed to note from the figures given by Government that, of 1942 items of machinery, vehicles etc. under or awaiting repair, as many as 726 items are at the works-site awaiting evacuation. As admitted by the Secretary, Ministry of Defence, during evidence "there is certainly scope for improvement." It is also surprising that of 726 items, as many as 377 should be vehicles in regard to which the difficulty regarding transportation urged by the Department in the case of heavy machinery should normally not exist. The Committee suggest that the Director General, Border Roads, should keep a special watch over the evacuation of machinery from field to the Base Workshops by prescribing suitable returns and by exercising necessary checks through his Inspectorate. The Committee need hardly stress that every effort should be made to move the machines expeditiously to the Base Workshops so as to reduce their wear and tear due to exposure to the vagaries of the weather as also to reduce the chances of parts being spirited away from the machines.

2.17. The Committee also suggest that Government may consider the question of suitably reinforcing the mobile workshop units temporarily by sending men from the Base Workshops to attend to repairs to machinery which cannot be easily moved to the Base Workshops.

2.18. The Committee enquired why spare parts needed for the repairs were not provisioned in advance and stocked to meet repair needs. The witness stated that at the time of purchase of machinery and equipment, spares for 18 months' maintenance were purchased on manufacturer's recommendations. "The whole point," he stated, "is how do we estimate

our requirements in the subsequent period.....on the basis of experience of the initial 18 months. Initially when the machines are new they do not give rise to so many problems. So on that basis there is very little chance of building up a realistic estimate of our requirements. We can be sure of our requirements only on the basis of experience of the first 4-5 years." He added: "Since most of the material is imported, we have to go by the manufacturers recommendations in the first few years. The manufacturers' recommendations are not necessarily in terms of the actual conditions under which we work. They go by the law of averages, whereas it is our experience not only in this but also in other machinery that under our own conditions things take a different shape....."

2.19. Elaborating further, the witness pointed out that guidelines for provisioning were revised about 1964-65. Quite a number of indents raised on that basis between October, 1965 and September, 1966 were, however, outstanding to a substantial extent, although the dates of deliver were sometime in 1966-67. The problem was that spares had to be imported and there Government ran against the difficulties of foreign exchange; there was also the difficulty of getting supplies from the foreign manufacturer ex-stock, as production of some of those items had ceased.

2.20. When the Committee drew the attention of the Government to the multiplicity of models with the Border Roads Organisation, the witness stated that they had taken a decision to standardise on certain items. Such a decision had been taken in regard to tractors, where the Komatsu model had been decided upon for manufacture in the country. In the case of one tonne vehicles, it had been decided to standardise on the Nissan one-tonne vehicle, manufactured by ordnance factories. "In this way," the witness added, "we are trying to make sure that in future we do not get into trouble."

2.21. The Committee desired further information from Government on the following points:

- (i) A copy of the instructions issued in 1964-65 or thereafter revising the guidelines for provisioning of spares.
- (ii) The different types and models of machinery in use and the dates from which each model was first commissioned.
- (iii) Value and number of indents for spares pending.
- (iv) The number and value of indents for spares withdrawn by the Border Roads Organisation during the last three years due to non-availability of foreign exchange.
- (v) Steps taken to re-orient the existing system of release of foreign exchange required by the Border Roads Organisation.

2.22. The information has been furnished and is reproduced in Appendix III from the information furnished, the following points emerge:

- (i) The guide-lines for provisioning were not revised in 1964-65 or later.
- (ii) Different types and models of tractors, graders, compressors, trucks and tippers were brought into use by the Border Roads Organisation between 1960 and 1965, the bulk of them by 1963.
- (iii) 263 indents valued at Rs. 1,603 lakhs were pending for periods ranging from one to over three years.
- (iv) No indents were withdrawn by Border Roads Organisation during the last three years due to non-availability of foreign exchange.
- (v) The Secretary, Border Roads Development Board was delegated powers in September, 1968 to release foreign exchange upto Rs. one lakh for procurement of spares in each case.

2.23. The Committee notice that no guide-lines for provisioning of spares were evolved in 1964-65 or thereafter, as they were given to understand during evidence. The Committee also note from the statement showing different types and models of machinery in use in the Border Roads Organisation that, with a few exceptions, the various types and models of machinery were brought into use between 1960 and 1963. The Organisation would seem to have sufficient experience of the working of these machines to be able to determine what spares are required for these machines. The Committee are, therefore unable to understand why the Organisation should face any difficulty on this account. The Committee have no doubt that the matter will receive the due attention of the Director, Scientific Evaluation, who is conducting a works study, inter alia, of the utilisation of the machinery and equipment. Another point the Committee would like to be considered in this context is whether, on the basis of such guide-lines and a realistic assessment of the recurring needs for spares, rate contracts could be executed with indigenous suppliers to facilitate procurement of spares and eliminate the delay involved in the normal procedure for procurement.

2.24. The Committee also notice from the statement that there is a multiplicity of models of various equipment with the Border Roads Organisation. This would undoubtedly complicate the problem of procurement of spares. The Committee would like Government to consider how best, in the interests of rationalisation, the equipment to be procured could be standardised.

2.25. The Committee also note that, in the past three years, no indents for spares were withdrawn due to non-availability of foreign exchange and that for the future the Secretary, Border Roads Development Board, has been given powers to release foreign exchange up to certain limits. The Committee are, however, alarmed to find that 263 indents for spares valued at Rs. 1,603 lakhs are pending with various authorities like the Director General, Supplies & Disposals, Director General, Ordnance Factories and Bharat Earth Movers Ltd. 101 of these indents valued at Rs. 774 lakhs have been pending for over a year, the value of indents pending for over 3 years being Rs. 436 lakhs. The fact that substantial indents are pending over a long period of time raises the question whether the Border Roads Organisation have taken adequate follow-up action on the indents and maintained close liaison with the supply organisations concerned. The Committee would urge Government to have the matter looked into closely so that delays at various stages are eliminated.

2.26. The Committee were informed during evidence by the Secretary, Ministry of Defence that in the initial period when the Border Roads Organisation faced the problem of spares, "the difficulties were sought to be met by cannibalisation. . . . As a result, many other machines became idle for want of different components which had been taken for purpose of cannibalisation. The problem assumed proportions until in 1965 order had to be issued to stop cannibalisation." Asked whether cannibalisation had since been stopped, the Director General, Border Roads, stated that, "It has been stopped except that when a particular Chief Engineer wishes to cannibalise he has to seek my permission. I go into the merits of the case and if I think cannibalisation would help to promote the progress of work and would not damage the machine, I give my permission."

2.27. In response to another question, it was stated that about half a dozen cases were referred every month to the Director General, Border Roads, for cannibalisation.

2.28. While the Committee note the assurance given by the Director General that the practice of cannibalisation has been checked, they feel concerned that the number of references for cannibalisation continue to be of the order of six per month.

2.29. The Committee consider that the practice of cannibalisation is fraught with danger and should be firmly checked. The Committee would like to stress that the Director General should exercise every care to see

that permission for cannibalisation is given only in very exceptional circumstances after making sure that a serviceable ~~one~~ ^{unit} would not thereby be permanently impaired and rendered ~~inoperative~~.

2.30. The Committee enquired whether in view of the difficulty in obtaining the imported spares, any steps had been taken to establish indigenous production of these items. The Secretary, Border Roads Development Board stated that the question was examined and an exhibition was also organised in Delhi, but that the response thereto was poor. In a note subsequently submitted to the Committee, it was stated that the question of establishing the indigenous manufacture of spares had been engaging the attention of Government since 1965. With a view to exploring the potentialities for indigenous manufacture an exhibition of spare parts was held to attract offers from trade for the manufacture of these spares. Out of 1,048 items of International Harvester tractors exhibited, offers were received for only 487 items, and of these, orders for only 56 items were ultimately accepted by the firms, the rest being below the economical limit for manufacture. The other items displayed were those of Ingersoll Rand compressors for which no offers were received from trade. Government further stated in the note that for Komatsu tractors, spares for which are normally imported from Japan, a proposal for indigenous manufacture was under consideration of the Department of Production and Bharat Earth Movers Ltd.

2.31. The Committee trust that with a long-term forecast of the requirements of spares by the Border Roads Organisation and the accompanying prospect of a Sustained demand over a period of time, the Organisation will be able to induce more manufacture to undertake the responsibility for the supply of spares. The Committee also trust that the proposals for indigenous manufacture of Komatsu tractor spares will get under way soon.

2.32. The Committee enquired whether in view of the shortfall in repair work, the staff in the workshops remained idle. The Secretary, Border Roads Development Board stated that there was a sanctioned establishment for the workshops and staff was suitably deployed in other projects whenever there was a fall in the load of workshops. He added: "Since we have deficiencies almost in all categories of the projects, such adjustments do not lead to any administrative difficulty."

2.33. The Committee consider that, as the workshops have not been able to fulfil their repair obligations over a period due to various factors, it is possible that some part of the staff on the rolls of the workshops may be in excess of requirements. The Committee consider that it should be possible to so adjust the strength between the Base Workshops and the

mobile workshops that it is not in excess of actual requirements. The Committee also suggest that the works study by the Director of Scientific Evaluation may also specifically deal with the question of staffing in the workshops so that the strength of staff is fixed on a rational basis with reference to the actual out-turn.

NEW DELHI;
January 25, 1969.
Magha 5, 1890 (Saka)

M. R. MASANI,
Chairman,
Public Accounts Committee.

APPENDIX I

(Vide para 1 '6 of Report)

Statement showing the Orders Pending in August, 1966

INDIGENOUS.

Sl. No.	Description of Machinery	Qty.	Indent No. & Date	D.G.S&D.A/T No. and date	Delivery date	Cost in Rs. lakhs	Date on which request was made to cancel the order
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Colerete Mixers	4	WIV-L-4(11)/64-I, dt. 19-5-64.	SV-1/25(a)8/4-A/III/252, dt. 5-9-66.	31-10-66	0.68	No request was made to cancel these orders.
2	Diamond Core Drilling m/c (Small).	6	WVI-M-5(10)/64, dt. 9-7-65.	SE-5/223-220/35/004-442 /III/5195/Voltas, dt. 5-2-66.	15-9-66 Extended to 31-10-67	1.90	Do.
3	Pumping Sets 20 H.P.	70	WIV-L-4(11)/64-I, dt. 19-5-64.	SE-5/25(a)/8/4A/III/4841/65, dt. 27-3-65.	31-3-66 Extended to 28-2-67	9.10	Do.
4	Tandem Road Rollers	45	SR-14(2)/64, dt. 16-3-64.	SV-1/4098-R/II/375, dt. 27-10-65.	3-6-66 Extended to 30-11-66	16.65	Do.

5	Tipppers (only Body fabrication)	32	WIV-L-4(11)/64-I, dt. 19-5-64.	SV-3/25(a)8/4A/II/1249, dt. 30-9-65.	31-3-66 Extended to 31-5-67	11.52	Do.
6	Water Tankers (Trailer mounted).	96	WVII-4(22)/65, dt. 3-8-65.	SV-3/223/73/005/II/81, 82, and 83, dt. 29-3-66.	30-6-66 Extended to 15-5-67	3.84	Do.
7	Winches (Diesel)	25	WIV-L-4(11)/64-I, dt. 19-5-64.	SR-6/25(a)8/4A/IV/PO AC, dt. 20-7-65.	31-8-65 Extended to 15-2-67	9.75	Do.

APPENDIX II

(Vide para 1.7 of Report)

Statement showing the Orders pending in August, 1966

IMPORTED :

Sl. No.	Description of Machinery	Qty.	Indent No. & Date	D.G.S&D reference or A/T No. & Date	Delivery date	Cost in Rs. Lakhs	Foreign exchange required Rs. lakhs	Date on which request was made to cancel the order	Progress made in the matter
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Tractor Dozers Pneumatic.	20	WIV-L-4/64-III, dt. 19-5-64.	Proj/25(a)/8/6A/3(1)/1497, dt. 29-9-65.	30-4-66	30.00	21.42	8-2-67	Cancelled.
2	Grab Dredging Cranes	50	Do.	Contract No. SR-6/25(a)/8/6A/II/3724, dt. 26-8-65.	4 to 8 months 26-4-66 Extended to 28-2-67.	166.30	One rupee payment basis.	27-9-66	It was not possible for D.G.S.&D to cancel the order owing to International Contractual obligations. These items had to be accepted on the intervention of M.O. F.
3	Mobile Cranes	45	Do.	A/T No. SR-6/25(a) 2/I/A/II/3740, dt. 14-2-66.	31-8-66.	87.30	58.05	27-9-66	
4	Mutorised Scrapers	8	Do.	Proj/25(a)/8/6A/I/1472, dt. 22-9-65.	3 to 6 months.	17.52	On rupee payment basis.		

5	Single Pass Soil Stabilizers.	2	WVII-5(11)/65, dt. 15-3-66.	220/83/1118/21-3-67 /I/1962, dt. 8-9-67.	30-11-67	8.62	5.12	No request was made to cancel it.
6	(a) High Speed Vibrators.	48	WIV-L-4(11)/64, dt. 19-3-64.	SV-1/25(a)/8/6-A/Vibrators/451, 452, & 26, dt. 19-2-66 & 31-1-66 respt.	31-5-66 12 Nos. 31-8-66	0.60	..	27-9-66 (a) Cancellation pending with DGS&D as the firm wanted release of foreign exchange after placing of A/T.
	(b) Convertors for above.	13	Do.	..	9 Nos. 4/6 weeks 4 Nos. & 8 months.	0.69	..	27-9-66 (b) Order for 9 Nos. cancelled & for balance 4 Nos. cancellation pending with DGS&D as the firm wanted release of Foreign Exchange after placing of A/T.

[Ref. Min. of Transport (Road Wing) D.O. letter No. RM-19/18/67, dated 19-12-1968]

APPENDIX III

(Vide para 2.22 of Report)

Point No. 11:

"Please furnish a copy of instructions stated to have been issued in 1964-65 revising guidelines for provisioning of spares.

Please also furnish copies of later instructions, if any, issued on the subject".

Ans. DGBR has intimated that no instructions giving revised guidelines for provisioning of spares were issued in 1964-65 or later.

Point No. 3:

"Please indicate the different types of models of machinery under the following categories in use in Border Roads Organisation and the dates from which each model was first commissioned by the Border Roads organisation.

- (i) Tractors.
- (ii) Motor Graders.
- (iii) Compressors.
- (iv) Trucks.
- (v) Tippers/Dump trucks".

Ans.—The required information is as under :—

Equipment/vehicles	Make	Model	Date commissioned in Border Roads Organisation
Crawler Tractors	(Caterpillar)	D-8	First half of 1960.
		D-7	Do.
		D-4	First half of 1961.
	International Harvester	TD-25	September, 1960.
		TD-20	October, 1960.
		(200 series)	
		TD-20	September, 1963.
		(201 series)	
		TD-20	March, 1965.
		(B' series)	
	Komatsu	TD-9	September, 1960.
		(92 series)	
		D-120-6	October, 1964.
		D-80-6	October, 1960.
		D-80-8	August, 1966.
		D-50-8	October, 1960.
		D-50-10	September 1961.
		(with two types of clutch)	
	Russian	T-100-M	November, 1966.

Equipment/Vehicles	Make	Model	Date commissioned in Border Roads Or- ganisation
Motor Graders	Komatsu	GD-37	October, 1960.
	Gallion	Model 118	December, 1960.
	Caterpillar (Second hand machines obtained from army on payment).	12-MB	Second half of 1960.
	Russian	D-144-A	December, 1966.
Compressors	Ingersoll Rand 600 cfm.	DR 600	July, 1964.
	Ingersoll Rand 365 cfm.	GYRO-FLO	October, 1960.
	Ingersoll Rand 365 cfm	DR-365	June, 1962.
	CPT 365 'CFM' Khosla 365 cfm.	365-RV-2 Reciprocating 'V' compressor	March, 1962.
	Ingersoll Rand 250 cfm.	IR 250	October, 1965.
	Maw India 250 cfm	VGIO 25	October 1960.
	Kirloskar 250 cfm	R 210	September, 1961.
	Hydor 250 cfm	"V"	September, 1960.
	Maw India 160 cfm	"V"	July, 1960.
	Atlas Copco 160 cfm	VT-4-PD(I)	January, 1964.
	Hymatic Hydrovane 72 cfm	68-P-100	May, 1963.
	Airman 70 cfm	AMR 70	June, 1964.
	Kirloskar 120 cfm	WR 120	January, 1961.
			December, 1960.
Trucks 1 ton	Nissan	4W 73	August, 1960.
	International harvester	D124 (4x4) W 70 L	August, 1960.
	*Willys	1 ton	
	*Dodge	P-6-W-300 M	February, 1961.
			February, 1961.
,, 3 Ton	*TMB 165" WB	L-312-42	September, 1960.
	TMB 165" WB	L-1210	December, 1964.
	Bedford 167"	WB J-41	May, 1962.
	Bedford 120" WB	J-4-S	November, 1966.
	Bedford 167" WB	J-4-L	December, 1967.
	Dodge 165" WB	109-P-6	May, 1962.
	*Chevrolet 4x4		1961
	*Ford 4x4		1961
	*Studebaker 4x4		1961
Tippers/Dump Trucks.	Nissan 5 ton	G-680	October 1961.
	Dodge 3 Ton	109-P-6	July, 1963.
	Bedford 3 Ton	J-4-S	May, 1963.

NOTE :—*These are second hand vehicles of pre-1948 vintage purchased from the army to facilitate the early commencement of the projects.

Point No. 4:

" A large number of indents raised by the Department for spares for machinery are still stated to be pending. Please indicate the position of pending indents in tabular statement. "

Ans. Statement No. 1 and 2 containing the requisite information are enclosed.

STATEMENT No. 1

Statement of pending indents

Total No. of Indents raised	Value of indents	Position of pending indents								Where indents are pending	Reasons for pendency
		Over 3 years		Over 2 years		Over 1 year		Less than 1 yr.			
		No.	Value	No.	Value	No.	Value	No.	Value		
1	2	3								4	5
263 *	Rs. 1,603.89 lakhs	48	436.49 lakhs	13	66.28 lakhs	48	317.68 lakhs	38	266.01 lakhs	(a)	(a)

(a) Cols. 4 and 5 : In 106 indents (out of 147 indents) where part supplies have been made there are 38637 items. Out of these 38637 items 27769 items have been supplied in full; the items which are outstanding in full are 10747 and those which are outstanding in part are 121.

The 147 indents are pending with DGS&D, BEML and DGOF as indicated below: DGBR has stated that these are being processed with them :—

DGS&D	108 indents
BEML	25 indents
DGOF	14 indents

DGOF is responsible for supply of spares of all Komatsu Tractors, Garders and Nissan vehicles including dumpers. After 1-4-66, the responsibility of supply of spares of all Komatsu Tractors has been taken over by BEML. For all other items, DGS&D is the agency for procurement of spares.

In addition to the above DGBR has indicated that 29 indents valued approximately at Rs. 357.93 lakhs are being processed with Government for approval.

Items of spare parts which are to be imported involve time lag of more than a year from the date the indents are projected to the supplying agencies since considerable time is taken to conclude contracts with suppliers as also for the suppliers to execute deliveries and ship them. Delay in the supply of spare parts where no imports are involved is mainly attributed to the failure of the supplying firms to supply spares despite concerted efforts made by DGBR and DGS&D.

*Excludes initial spares ordered along with the equipment for which no separate indent as such is placed.

STATEMENT No. 2

(Statement showing indents pending machinewise)

Sl. No.	Type of machinery	No. of indents for spares	Position of pending indents							
			Over 3 years		Over 2 years		Over 1 year		Less than 1 year	
			In full	In part	In full	In part	In full	In part	In full	In part
1	Tractors	39	=	5	=	4	1	13	12	4
2	Motor Graders	6	=	2	=	2	1	=	1	=
3	Compressors	16	=	9	=	1	=	5	1	=
4	Trucks 1 ton/lorries 3 tons GD .	18	=	5	=	1	2	6		=
5	Tippers/Dump Trucks . . .	9	=	1	=	=	1	5	2	=

Point No. 5 :

"Please furnish a statement indicating the number and value of indents withdrawn by Border Roads Organisation during the last three years due to non-availability of foreign exchange in the following forms:

Year	Particulars withdrawn	Particulars of indents covered				
		Tractors	Motor Graders	Compressors	Trucks	Tipplers Dump Trucks

Please also indicate how the spares were alternatively provided for (after withdrawal of indents)."

Ans. During the past three years, no indents have been withdrawn by the Border Roads organisation due to non-availability of foreign exchange.

Point No. 6 :

"In a note furnished to the Public Accounts Committee by Government, it has been stated that the High Powered Committee considered the present system of releasing foreign exchange for DGBR's requirements unsatisfactory and that this question is under examination by Government.

Please state on what lines the issue is being examined and when Government is likely to take a decision".

Ans. Under the existing system cases involving release of foreign exchange, irrespective of the amount involved, are being referred to Department of Economic Affairs through the accredited Finance of Border Roads Organisation. In the Defence Ministry, Secretary, Ministry of Defence and Joint Secretaries in the Ministry of Defence and Department of Defence Production in the same Ministry have been delegated with the powers to release foreign exchange upto certain ceiling limits finally without reference to Ministry of Finance (Department of Economic Affairs). Only cases involving foreign exchange in excess of this limit have to be referred to the Department of Economic Affairs for obtaining release. The high powered committee felt that the procedure for releasing foreign exchange to meet the requirements of Border Roads Organisation should also be reviewed in this context and necessary action taken.

Accordingly the matter was examined by Government. Ministry of Finance have since agreed that Secretary, Border Roads Development Board may be empowered to release finally foreign exchange upto Rs. 1.00 lakh in each case subject to certain conditions. Copy of the orders issued in this regard is enclosed.

[Ref. Ministry of Transport & Shipping (BRDB) U.O. No. F. 1(1) BRDB/68-69 dated 23-10-1968].

MINISTRY OF DEFENCE

D (BUDGET)

SUBJECT:—Release of Foreign Exchange—Delegation of powers to Secretary, B.R.D.B.

Subject to financial clearance from the expenditure angle being obtained in each case, the Secretary Border Roads Development is authorised to release Foreign Exchange (Free resources and NCR) upto the extent of Rupees one lakh in respect of each indent, without reference to the Associate Finance or the Department of Economic Affairs.

2. This delegation is subject to the following conditions:—

- (i) The delegated powers may be exercised only in respect of maintenance spares and not for procurement of equipment of any kind or for any other purpose.
- (ii) Indents should not be split up merely to bring them within the delegated powers.
- (iii) In the case of an indent where any additional foreign exchange is released on account of increase in price etc., where some foreign exchange had been released earlier, the additional amount can be released by the Secretary BRDB only if the total including the amount released earlier does not exceed the limit of Rs. 1 lakh in each case.
- (iv) The delegated powers will be exercised by the Secretary, BRDB within the periodical allocations of Foreign Exchange made to the Border Roads Organisation.

3. This issues with the concurrence of the Ministry of Finance, Department of Economic Affairs, *vide* their u.o. No. 907/Def. Cell/68, dated 19-9-68.

Sd.

(B. B. TANDAN)

Deputy Secretary (B & P).

Secretary, BRDB

M of D u.o. No. 3(6)/67/D(Budget), dated 26-9-68.

Copy to:—

Ministry of Finance (EAD)—(Shri MB Bhardwaj), Financial Adviser (Defence Services), *DFA (Budget)*.

APPENDIX IV

Summary of main Conclusions/Recommendation

Sl. No.	Para No. of Report	Ministry/ Department Concerned	Conclusion/Recommendations
1	2	3	4
1	1.15	Transport and Shipping	The Committee find it hard to understand how, after having embarked on the construction of a lateral roadway on a priority basis in 1963 and entered into commitments, Government could abruptly decide in 1966 to downgrade the priority and virtually suspend further work on the project. In the result, the roadway has come up in unconnected stretches and in several sections had not progressed beyond the stage of earthwork which, not being metalled, could well be eroded by the rains. The Committee also note with concern that out of machinery and equipment worth Rs. 825 lakhs ordered for the project, about one-third of the machinery and equipment of the value of Rs. 282 lakhs (including imported machinery of the value of Rs. 154 lakhs) has already been rendered surplus. It is evident that orders for the equipment and machinery were placed without thorough and detailed investigation in consultation with the State Governments. The Committee cannot help feeling that the whole project, in fact, was

planned in haste and without a careful assessment of the long-term requirements *vis-a-vis* available resources.

2.

I. 16

Do.

What the Committee find particularly distressing is the fact that, though Government decided as early as August, 1966, to slow down the project, it was not till May, 1968, *i.e.*, after the Audit paragraph on the case appeared, that Government took up the question of salvaging the investment in the project. A Study Team was then appointed to study proposals for completion of the project at the minimum possible cost. The Committee feel that a decision in this regard could well have been taken by Government in August, 1966, when they downgraded the priority of the project. The Committee note that Government have now accepted the recommendations of the Study Team that an additional amount of Rs. 29.62 crores should be provided for the project during the next three years to complete it by 1970-71. The Committee would like Government to ensure that the project is now completed on schedule so that no portion of the expenditure of Rs. 43.7 crores already incurred on the project is rendered infructuous.

3.

I. 17

Do.

The Committee note that, apart from three communications addressed to the State Governments in August, 1966, October, 1966 and June, 1967, advising them to avoid new commitments on the project and to prune existing ones, no steps were taken either to ascertain how much machinery had become surplus or to ensure the proper upkeep and maintenance of the surplus machinery till it could be gainfully utilised. Government apparently failed to consider the problem till 1968, when they constituted a committee to go into this and other ancillary questions.

1	2	3	4
			<p>The Committee cannot help feeling that Government did not show the same enthusiasm for putting the machinery to use as they did in buying it.</p>
4	I 18	Transport and Shipping	<p>The Committee note that out of orders for machinery and equipment for Rs. 4.97 crores pending at the time the project was down-graded in priority, Government have been able to cancel orders for only Rs. 1.52 crores. The Committee would like Government to examine in detail how best the standing commitments in this respect could be got over, keeping in view the changed requirements and financial implications.</p>
5	I 19	Do.	<p>Government should also consider how the machinery already purchased or in the process of supply could be diverted to gainful use elsewhere. The Committee would like in this connection to draw special attention to the observations of the Study Team that these machines have been lying unwatched and exposed to the weather and that these have neither been used so far nor are likely to be used in the execution of the project. The Committee would like Government to take adequate steps to ensure that the machines should be protected against loss, theft, pilferage, cannibalisation or damage due to inclemencies of weather.</p>
6	I 20	Do.	<p>In the interest of economy, the Committee would go to the extent of suggesting that further purchases of road building equipment should not be made without first bringing the surplus machinery into use. Government should also profit by their experience in this case and evolve realistic</p>

criteria for the purchase of machinery for road building projects in future so that precious resources are not squandered. To ensure that such machinery is put to sustained use, Government should also consider the question of standardisation of the equipment, so that machinery purchased for a project could after its completion be used without difficulty on other new projects.

7 I-21 Do.

The Committee would also like Government to examine whether the procedure of supply of machinery to the State Governments for the works entrusted to them on behalf of the Centre on an agency basis should not provide that after completion of the projects the machinery is returned to the Centre for utilisation elsewhere. Government may consider whether they should not create a Central pool of such machinery so as to ensure their utilisation in similar projects undertaken in other States so that purchase of fresh machinery for those projects could be minimised.

8 I-22 Do.

The Committee hope that the High Level Committee set up in October, 1968 will finalise its Report with expedition. The Committee may be apprised of the main recommendations of the High Level Committee together with Government's decisions thereon.

The Committee note that, owing to a default on the part of the Bharat Sewak Samaj, Government have had to incur extra expenditure of Rs. 1.49 lakhs on certain road works. The Samaj have escaped liability not only for this extra expenditure but also for a major portion of the penalty of Rs. 1.04 lakh leviable for their default. What is particularly regrettable is that these dispensations to the Samaj should have been given by the State Government concerned without consulting the Government of

1	2	3	4
			<p>India on whose behalf they undertook the work. Besides, these dispensations were contrary to the instructions issued by the Government of India in pursuance of the observations of this Committee in their 34th Report (Third Lok Sabha), for discontinuing all concessions to the Samaj.</p>
9	1-33 Transport and Shipping		<p>The Committee note that the Government of India are themselves not satisfied with the existing arrangements for the execution of agency work, as they leave scope for important decisions bearing on the cost of work being taken by the State Government, without prior consultation with the Government of India and that this issue is under examination. They hope that steps will be taken suitably to streamline the procedure so that the Government of India's concurrence is invariably obtained before important decisions affecting the financial interests of the Central Government are taken by the State Government. The Committee would also like to be apprised of the recovery from the State Government of the extra expenditure incurred in this case.</p>
10	1-37 Do.		<p>The Committee note that Government have claimed a sum of Rs. 139.89 lakhs as liquidated damages from a firm for the belated supply of dredgers and that the matter is being referred to arbitration. They would like to be apprised of the outcome of the arbitration proceedings.</p>
11	1-38 Do.		<p>The Committee also note that liquidated damages are proposed to be claimed from certain other firms for delay in the supply of tugs and</p>

barges. They would like to be informed in due course of the settlement of these claims.

12 2 11 Transport & Shipping
 (Border Roads Develop-
 ment Board)

The Committee are constrained to observe that the proportion of machinery and equipment awaiting repairs is very much on the high side. From the data furnished by Government, it is seen that the percentage of equipment under or awaiting repairs ranged from 23% in the case of earth-moving and construction machines to 14% in the case of other machines against the Department's normal allowance of 10%. About one-third of the equipment under repair in the workshops categorised as "earth-moving and construction machines" and "other machines" have been in the process of repair for periods ranging from one to over three years, while the proportion in the case of vehicles is a little over one-fifth. In the light of Government's claim that the output of the workshops is satisfactory, this position seems inexplicable.

13 2 12 Do.

The Committee cannot help feeling that the Border Roads Organisation has not tackled the problem of repairs to machinery and equipment and vehicles in a businesslike manner. Perhaps the roots of this complacency lie in the fact that the Border Roads Organisation carry a very heavy inventory of machinery and equipment and vehicles costing over Rs. 31 crores, all of which obviously is not being put to optimum use. The Committee note that, in pursuance of the recommendations made by them earlier in paragraph 1.66 of their 18th Report (1968), Government have now specifically referred the question of optimum utilisation of machinery and equipment by the Border Roads Organisation to the Director of Scientific Evaluation. The Committee would like to await the result of the study

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and the action taken by Government on it to improve the utilisation of the existing machinery and equipment.

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2 13

Transport & Shipping
(Border Roads Development Board)

In the meantime, the Committee suggest that performance in the workshops should cope efficiently with the heavy backlog of repair work. The Border Roads Organisation should also enlist the active assistance of the Army Base Workshops for carrying out repairs to machinery to the maximum extent feasible. Government may also like to examine whether adequate use has been made of the power delegated by them to the local formations for getting the repair work done through the civil trade where this is a more advantageous and expeditious alternative.

15

2 14

Do

The Committee suggest that, before Government sanction the purchase of additional machinery and equipment for the Border Roads Organisation, they should examine the extent to which such expenditure can be obviated by pressing into service the very large stock of machinery and equipment which is at present awaiting repair in the workshops or in the field.

16

2.16

Do

The Committee are distressed to note from the figures given by Government that, of 1942 items of machinery, vehicles etc. under or awaiting repair, as many as 726 items are at the works-site awaiting evacuation. As admitted by the Secretary, Ministry of Defence, during evidence "there is certainly scope for improvement." It is also surprising that of 726 items,

as many as 377 should be vehicles in regard to which the difficulty regarding transportation urged by the Department in the case of heavy machinery should normally not exist. The Committee suggest that the Director General, Border Roads, should keep a special watch over the evacuation of machinery from field to the Base Workshops by prescribing suitable returns and by exercising necessary checks through his Inspectorate. The Committee need hardly stress that every effort should be made to move the machines expeditiously to the Base Workshops so as to reduce their wear and tear due to exposure to the vagaries of the weather as also to reduce the chances of parts being spirited away from the machines.

17 2 17 Do.

The Committee also suggest that Government may consider the question of suitably reinforcing the mobile workshop units temporarily by seconding men from the Base Workshops to attend to repairs to machinery which cannot be easily moved to the Base Workshops.

18 2 23 Do.

The Committee notice that no guide-lines for provisioning of spares were evolved in 1964-65 or thereafter, as they were given to understand during evidence. The Committee also note from the statement showing different types and models of machinery in use in the Border Roads Organisation that, with a few exceptions, the various types and models of machinery were brought into use between 1960 and 1963. The Organisation would seem to have sufficient experience of the working of these machines to be able to determine what spares are required for these machines. The Committee are, therefore unable to understand why the Organisation should face any difficulty on this account. The Committee have no doubt that the matter will receive the due attention of the Director.

Scientific Evaluation, who is conducting a works study, *inter alia*, of the utilisation of the machinery and equipment. Another point the Committee would like to be considered in this context is whether, on the basis of such guide-lines and a realistic assessment of the recurring needs for spares, rate contracts could be executed with indigenous suppliers to facilitate procurement of spares and eliminate the delay involved in the normal procedure for procurement.

19

2.24

Transport & Shipping
(Border Roads Development Board)

The Committee also notice from the statement that there is a multiplicity of models of various equipment with the Border Roads Organisation. This would undoubtedly complicate the problem of procurement of spares. The Committee would like Government to consider how best, in the interests of rationalisation, the equipment to be procured could be standardised.

5

20

2.25

Do.

The Committee also note that, in the past three years, no indents for spares were withdrawn due to non-availability of foreign exchange and that for the future the Secretary, Border Roads Development Board, has been given powers to release foreign exchange up to certain limits. The Committee are, however, alarmed to find that 263 indents for spares valued at Rs. 1.603 lakhs are pending with various authorities like the Director General, Supplies & Disposals, Director General, Ordnance Factories and

Bharat Earth Movers Ltd. 101 of these indents valued at Rs. 774 lakhs have been pending for over a year, the value of indents pending for over 3 years being Rs. 436 lakhs. The fact that substantial indents are pending over a long period of time raises the question whether the Border Roads Organisation have taken adequate follow-up action on the indents and maintained close liaison with the supply organisations concerned. The Committee would urge Government to have the matter looked into closely so that delays at various stages are eliminated.

While the Committee note the assurance given by the Director General that the practice of cannibalisation has been checked, they feel concerned that the number of references for cannibalisation continue to be of the order of six per month.

21 2-29 Do.

The Committee consider that the practice of cannibalisation is fraught with danger and should be firmly checked. The Committee would like to stress that the Director General should exercise every care to see that permission for cannibalisation is given only in very exceptional circumstances after making sure that a serviceable machine would not thereby be permanently impaired and rendered inoperative.

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22 2-31 Do.

The Committee trust that with a long-term forecast of the requirements of spares by the Border Roads Organisation and the accompanying prospect of a sustained demand over a period of time, the Organisation will be able to induce more manufacturers to undertake the responsibility for the supply of spares. The Committee also trust that the proposals for indigenous manufacture of Komatsu tractor spares will get under way soon.

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ment Board

The Committee consider that, as the workshops have not been able to fulfil their repair obligations over a period due to various factors, it is possible that some part of the staff on the rolls of the workshops may be in excess of requirements. The Committee consider that it should be possible to so adjust the strength between the Base Workshops and the mobile workshops that it is not in excess of actual requirements. The Committee also suggest that the works study by the Director of Scientific Evaluation may also specifically deal with the question of staffing in the workshops so that the strength of staff is fixed on a rational basis with reference to the actual out-turn.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI			13.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
14.	Jain Book Agency, Connaught Place, New Delhi.	1	14.	People's Publishing House, Rani Jhansi Road, New Delhi.	70
15.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	15.	The United Book Agency, 48, Amrit Kaur Market, Pahar Gani, New Delhi.	88
16.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	16.	Hind Book House, 82, Janpath, New Delhi.	93
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21.	Bahree Brothers, 188 Lalpatrai Market, Delhi-6.	22	19.	The Secretary, Establishment Department, The High Commission of India India House, Aldwych, LONDON, W.C.-2	90
22.	Jayana Book Depot, Chaparwala Kuan, Kirti Bagh, New Delhi.	23			

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