

DAMODAR VALLEY CORPORATION
VIGILANCE DEPARTMENT
DVC TOWERS: VIP ROAD
KOLKATA - 54

No. Vig/CVO/Review Meeting/11/ 159

Date: 13th June 2011

In Annual Zonal / Sectoral Review Meeting by CVC of all PSUs (CMDs & CVOs) in Power Sectors on 08.06.2011, the Commission deliberated on the various issues emphasizing that Vigilance has to be the management function and part of overall risk management strategy of the Corporation and in nature; it has to be proactive and predictive in stead of punitive. Important issues discussed and deliberated were:

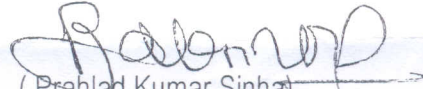
- 1) Inculcation of performance culture: Vigilance has to strive to promote performance culture with a special emphasis on developing the skill, knowledge and attitude of all the Stake holders coupled with knowledge-sharing and management. Best practice existing in any unit should be applicable and replicated in all the units so as to get the better performance across all the units/wings. As already requested, we may prepare a pool of "Resource Persons".
- 2) Enlargement of Vendor Base: Though system of vendor development existed in organization, there need to be enlargement of vendor base so that at least 10 nos. of vendors is available in every area of operation/projects/works/plants. Satluj Jal Vidyut Nigam Ltd. (SJVN) reported that there was appreciable reduction of 3 to 12% in cost of operation and procurement by enlargement of vendor base. The Commission also emphasized that on line vendor development needs to be a constant process and system of SMS can be used for informing various vendors available in the market to wide base competition and consequent reduction in cost.
- 3) Power Grid Corporation of India Ltd. also reported that they have been able to reduce their costs by around 17 to 20% by following tender route instead of OEM route and there need to be continuous endeavour to get requisite requirement through ICB route. Efficiency in erection of power transmission system can also be increased by application of GPRS for finding the shortest available route. Besides the above, there was general agreement of units/PSUs that e-procurement has been able to reduce the cost of procurement by 13 to 20%.
- 4) It was also reported that by amending and wide basing "similar work" definition, there was saving of 17% in case of transportation. The definition was changed from "Railing & Transportation and Handling of Ore" to "Ore, Minerals & other similar natural resources & forest/Agricultural produce, as transportation was not a technical activity.

Similar suggestion has been made by this office in case of transportation of coal. Further in case of evacuation of Ash, it was suggested to amend QR to include "excavation, loading, transportation, unloading of OB/Soil/Ash/Coal/Sand and other minerals extracted through mining activities or equivalent from anywhere to anywhere without any specificity of collieries/Plant/Public utilities".

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(P.A.S.)
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Dy CVO

- 5) The Commission also informed PSUs about imparting Project Management training to Project Managers to achieve early completion of the projects.

You would appreciate that these issues are of concern to all of us and it should be our endeavour to reduce over all cost of procurement and operation to improve our bottom line.


(Prahlad Kumar Sinha)
Chief Vigilance Officer



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