

6

Chapter-6

Conclusion and Recommendations

6.1 Conclusion

The Company undertook a capacity addition programme 22,430 MW to be achieved during 2007-12 through 24 projects, however, it did not fix year wise targets for achieving the target. Audit observed that the capacity addition programme suffered due to lack of scientific approach to planning, inordinate delays from conceptualization to investment approval, delays in pre-order activities and award of contracts. This was coupled with management slow response to mid-stream contractual disputes and problems. In essence, the management was taking up to 16 years and more from conceptualization stage to commercial operation.

The monitoring mechanism though in place, could not accelerate the requisite progress of the projects and delays remained major constraint for the Company in achieving the target. Thus, due to delays, the Company would lose the opportunity of generating at least 1,69,440 MUs and a revenue of ₹ 40,519 crore.

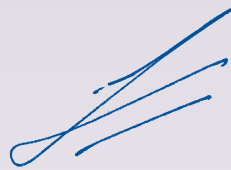
6.2 Recommendations

Based on the audit findings discussed in the foregoing chapters, the following recommendations are proposed to facilitate the Company improve its performance.

- I. NTPC should shorten the planning process and fix benchmark for all the pre-order activities.
- II. The Company should evolve a mechanism of informing the Board about a project right from its conceptualization.
- III. The Company should consider adopting super critical technology in more and more projects as the technology is more cost effective, thermal efficient and environment friendly.
- IV. Data bank of the prices of various inputs required for setting up a power plant should be maintained on real time basis for realistic cost estimation.
- V. Utmost care should be taken while finalizing qualifying requirements to avoid subsequent revision.
- VI. Company should explore the possibility of encouraging alternative sources of supply of main plant equipments so that better competition is generated and competitive rates could be availed.

- VII. The civil contractors should be selected judiciously taking into account their capacity and past performance.
- VIII. To make the monitoring system more effective, Action Taken Reports on minutes of various meetings held for monitoring purpose should be invariably prepared and recorded.

The matter was reported to the Ministry in September 2010; reply was awaited (October 2010).



New Delhi
Dated : 4 December, 2010

(SUNIL VERMA)
Deputy Comptroller and Auditor General
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Countersigned



New Delhi
Dated : 4 December, 2010

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