

**Bill No. 40 of 2011**

THE DAMODAR VALLEY CORPORATION (AMENDMENT) BILL, 2011

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**BILL**

*further to amend the Damodar Valley Corporation Act, 1948.*

BE it enacted by Parliament in the Sixty-second Year of the Republic of India as follows:—

**1.** (1) This Act may be called the Damodar Valley Corporation (Amendment) Act, 2011.

Short title  
and  
commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

14 of 1948 **2.** In section 4 of the Damodar Valley Corporation Act, 1948 (hereinafter referred to as the principal Act), for sub-section (1), the following sub-sections shall be substituted, namely:—

Amendment  
of section 4.

10 "(1) The Corporation shall consist of—

(a) a Chairman;

(b) a member (technical) and a member (finance);

(c) one representative from the Central Government;

(d) two representatives one each from the State Governments of Jharkhand and West Bengal;

(e) three independent experts one each from the field of irrigation, water supply and generation or transmission or distribution of electricity; and

(f) a Member-Secretary. 5

(IA) The Chairman and members under clauses (a), (b), (d) and (f) of sub-section (I) shall be appointed by the Central Government in consultation with the State Governments concerned while the members under clauses (c) and (e) shall be appointed by the Central Government, by notification in the Official Gazette.

(IB) The Chairman and members under clauses (a), (b) and (f) of sub-section (I) shall be whole-time while the members under clauses (c), (d) and (e) shall be part-time. 10

(IC) The Chairman shall be the Chief Executive Officer of the Corporation.

(ID) Without prejudice to the provisions contained in sub-section (IC), the Member-Secretary shall be in charge of general administration and business development of the Corporation.”. 15

Amendment of section 6.

**3.** In section 6 of the principal Act, sub-sections (1) and (2) shall be omitted.

Amendment of section 7.

**4.** In section 7 of the principal Act, clause (a) shall be omitted.

Substitution of new section for section 8.

**5.** For section 8 of the principal Act, the following section shall be substituted, namely:—

Functions and duties of members.

“8. The functions and duties of the members shall be such as may be prescribed.”.

Amendment of section 44.

**6.** In section 44 of the principal Act, in sub-section (1), for the words “financial adviser”, the words and brackets “member (finance)” shall be substituted. 20

Amendment of section 59.

**7.** In section 59 of the principal Act,—

(a) in sub-section (1), the words “the secretary and the financial adviser” shall be omitted;

(b) in sub-section (2), for the words “financial adviser”, the word “members” shall be substituted. 25

## STATEMENT OF OBJECTS AND REASONS

The Damodar Valley Corporation Act, 1948 has been enacted to provide for the establishment and regulation of a Corporation for the development of the Damodar Valley in the States of Bihar (now Jharkhand) and West Bengal. The functions of the Corporation under the Act, *inter alia*, provided for the promotion and operation of schemes for irrigation, water supply and drainage, the generation, transmission and distribution of electrical energy, the promotion and control of navigation in the Damodar River and its tributaries and channels, afforestation and control of soil erosion, promotion of public health and the agricultural, industrial, economic and general well-being in the Damodar Valley and its area of operation.

2. Under the Damodar Valley Corporation Act, 1948, the Corporation consists of a Chairman and two members, appointed by the Central Government after consultation with the concerned State Governments.

3. Over the last more than sixty years, the role and expectations from Damodar Valley Corporation have changed significantly due to industrial development in the valley area. The demand for power by industry, especially coal, steel, railways and other consumers has gone up considerably. Damodar Valley Corporation has built power plants and stepped up its generation capacity over the years. Thus, the Damodar Valley Corporation has grown into a large generating company with its own transmission and sub-transmission network. The Administrative Staff College of India recommended restructuring of the Corporation to make it more broad-based and professional so that it may discharge its responsibilities more effectively and efficiently.

4. Based on the inter-ministerial consultations, a Bill namely "the Damodar Valley Corporation (Amendment) Bill, 2007" was introduced in the Lok Sabha on 4th May, 2007, and the same was referred to the Standing Committee on Energy which gave its report on the 7th September, 2007. The said Bill, *inter alia*, provided that the Damodar Valley Corporation would consist of (i) a whole-time Chairman; (ii) a whole-time Member Technical; (iii) a whole-time Member Finance; (iv) one representative from the Central Government, as part-time Member; (v) two representatives one each from the State Governments of Jharkhand and West Bengal, as part-time Members; (vi) three independent experts one each from the field of irrigation, water supply and generation or transmission of electricity as part-time Members. The Committee supported the amendments proposed in the aforesaid Bill and also recommended that the Secretary of the organisation should be made a full-time Member of the Board to enhance the functioning capabilities of the organisation as has been recommended by the Administrative Staff College of India. However, the Damodar Valley Corporation (Amendment) Bill, 2007 lapsed with the dissolution of the Lok Sabha.

5. It is now proposed to introduce the Damodar Valley Corporation (Amendment) Bill, 2011 to,—

(a) change the composition of the Damodar Valley Corporation on the lines of the earlier lapsed Damodar Valley Corporation (Amendment) Bill, 2007 with the addition that there shall be a whole-time Member-Secretary;

(b) provide that the Chairman shall be the Chief Executive Officer of the Corporation;

(c) provide that the Member-Secretary shall be in-charge of the general administration and business development of the Corporation;

(d) abolish the posts of secretary and financial advisor.

6. The Bill seeks to achieve the above objectives.

NEW DELHI;  
The 29th July, 2011.

SUSHIL KUMAR SHINDE.

ANNEXURE

EXTRACTS FROM THE DAMODAR VALLEY CORPORATION ACT, 1948

(14 OF 1948)

	*	*	*	*	*
Constitution of the Corporation.	<b>4.</b>	(1) The Corporation shall consist of a Chairman and two other members appointed by the Central Government after consultation with the State Governments.			
	*	*	*	*	*
Appointment of officers and servants.	<b>6.</b>	(1) The secretary and the financial adviser of the Corporation shall be appointed by the Central Government.			
		(2) The secretary shall be the chief executive officer of the Corporation.			
	*	*	*	*	*
Conditions of service of officers and servants.	<b>7.</b>	The pay and other conditions of service of the officers and servants of the Corporation shall—			
		(a) as respects the secretary and financial adviser, be such as may be prescribed; and			
	*	*	*	*	*
Functions and duties of the financial adviser.	<b>8.</b>	The functions and duties of the financial adviser shall be such as may be prescribed.			
	*	*	*	*	*
Budget.	<b>44.</b>	(1) The Corporation, in consultation with the financial adviser, shall in October each year prepare in such form as may be prescribed a budget for the next financial year showing the estimated receipts and expenditure and the amounts which would be required from each of the three participating Governments during that financial year.			
	*	*	*	*	*
Power to make rules.	<b>59.</b>	The Central Government may, by notification in the Official Gazette, make rules to provide for all or any of the following matters, namely:—			
		(1) the salaries and allowances and conditions of service of members, the secretary and the financial adviser;			
		(2) the functions and duties of the financial adviser;			
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LOK SABHA

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**BILL**

further to amend the Damodar Valley Corporation Act, 1948.

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*(Shri Sushil Kumar Shinde, Minister of Power)*