

**ESTIMATES COMMITTEE
1959-60**

SIXTY-FIFTH REPORT

(SECOND LOK SABHA)

MINISTRY OF DEFENCE

Action taken by Government on the Recommendations contained
in the Sixty-seventh Report of the Estimates Committee
(First Lok Sabha) on 'Hindustan Aircraft
(Private) Ltd.'



14 11 9(2)

22.11.1959

336.395R
L836Es-65i

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1959/Agrahayana, 1881 (Saka)

Price : 50 nP.

CONTENTS

	PAGE
Composition of the Committee	iii
Introduction	v
I. Report	1
II. Recommendations that have been accepted by Government	2
III. Replies of the Government that have been accepted by the Committee	11
IV. Replies of the Government that have not been accepted by the Committee	18
V. Recommendations in respect of which final replies of the Government have not been received	21
APPENDIX—Analysis of the action taken by Government on the recommendations contained in the Sixty-seventh Report of the Estimates Committee (First Lok Sabha)	27

ESTIMATES COMMITTEE

1959-60

CHAIRMAN

Shri H. C. Dasappa.

MEMBERS

2. Dr. Sushila Nayar
3. Shri T. N. Viswanatha Reddy
4. Shri N. R. Ghose
5. Shri Mathuradas Mathur
6. Shrimati Mafida Ahmed
7. Shri S. A. Matin
8. Shri Narendrabhai Nathwani
9. Shri Rajeshwar Patel
10. Shri Surendranath Dwivedy
11. Shrimati Renu Chakravartty
12. Shri M. Sankarapandian
13. Shri Jhulan Sinha
14. Shri Hem Barua
15. Shri C. R. Basappa
16. H.H. Maharaja Pratap Keshari Deo
17. Shri D. A. Katti
18. Shri Bhausahab Raosaheb Mahagaonkar
19. Shri M. Muthukrishnan
20. Shri K. P. Kuttikrishnan Nair
21. Shri T. Nagi Reddy
22. Shri Vutukuru Rami Reddy
23. Sardar Amar Singh Saigal
24. Shri Dinesh Singh
25. Sardar Iqbal Singh
26. Shri Raghunath Singh
27. Shri Tayappa Hari Sonavane
28. Shri Sunder Lal
29. Shri A. M. Tariq
30. Shri M. G. Uikey.

SECRETARIAT

Shri S. L. Shakhder—*Joint Secretary.*

Shri A. K. Ray—*Deputy Secretary.*

Shri R. K. A. Subrahmanya—*Under Secretary.*

INTRODUCTION

1. The Chairman of the Estimates Committee, having been authorised by the Committee, present this *Sixty-fifth* Report of the Estimates Committee of the Second Lok Sabha on the action taken by Government on the recommendations contained in the Sixty-seventh Report of the Estimates Committee of the First Lok Sabha on Hindustan Aircraft (P) Ltd.

2. The Sixty-seventh Report of the Estimates Committee was presented to the Lok Sabha on the 11th September, 1957. The Government have furnished their replies indicating action taken on the recommendations contained in this report between 31st January, 1959 and 12th August, 1959. The replies were examined by a Study Group of the Estimates Committee on the 3rd September, 1959.

3. The Report has been divided into five Chapters :

I. Report.

II. Recommendations that have been accepted by the Government.

III. Replies of the Government that have been accepted by the Committee.

IV. Replies of the Government that have not been accepted by the Committee.

V. Recommendations in respect of which final replies of the Government have not been received.

4. An analysis of the action taken by Government on the recommendations contained in the Sixty-seventh Report is given at Appendix.

H. C. DASAPPA,

Chairman,

Estimates Committee.

NEW DELHI ;

The 17th December, 1959

Agrahayana 26, 1881 (Saka)

CHAPTER I

REPORT

1. The Estimates Committee in para 21 of their Sixty-Seventh Report (First Lok Sabha) pointed out that the Deputy General Managers were more or less co-ordinating links between the functional heads and the General Manager and suggested that the necessity of having four Deputy General Managers—one each for the Aircraft, Engines, Rail Coach and Common Services Divisions—might be examined afresh. In reply the Government have stated that the matter has been examined and that while the appointment of the three Deputy General Managers is essential for the first three Divisions, it has been decided to appoint a Chief Administrative Officer, instead of a Deputy General Manager, for the Common Services Division to co-ordinate the work of the various functional heads in that Division.

No reasons have been given justifying the necessity for the posts of the three Deputy General Managers nor has it been indicated what economy would be achieved by appointing a Chief Administrative Officer instead of a Deputy General Manager for the Common Services Division. In the circumstances the Committee are not convinced of the need for these additional intermediate functionaries. They, therefore, recommend that the matter might be reconsidered.

2. In para 120 of the Report, the Committee referred to two recommendations connected with the subject which were not embodied in the Report for security reasons. The replies (Secret) to those recommendations have been received from Government and have been accepted by the Committee.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Serial No. of recommendation

Reference to Para No. of the Report

Summary of Recommendations/
Conclusions

Reply of the Government

1

2

3

4

2

4 18 The Committee welcomes the large delegation of powers to the Board of Directors. They, however, feel that besides giving large powers to the Board, it is also necessary to see that the climate for the full exercise of such powers is provided. The Committee also feel that while necessary safeguards might be provided by requiring in matters which might concern IAF, approval of the Board of Directors of which the Chief of the Air Staff is also a member, procedures which would lead to delays and remoteness of controls should be avoided.

The recommendation has been noted.

[Min. of Defence U.O No. 11/1/57/D (Air-Projects) dated 31-1-59]

7 **The Committee feel that the IAF being the principal customer of the HAL should plan their programme of repair, overhaul and purchase affecting the HAL in a realistic manner so as to obviate the necessity of revisions subsequently.**

26 **The recommendation has been noted.**
[*Min. of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31/1/59.*]

8 **The Committee suggest that the Railway Board should be approached to introduce a machinery to ensure timely delivery of underframes to the HAL, because delay in delivery causes idle labour with consequent loss to the company.**

31 **The matter was taken up with the Ministry of Railways (Railway Board) who have taken necessary steps to ensure timely delivery of underframes to HAL. The supply position is satisfactory at present.**

14 **The HAL being practically a monopolistic concern especially in the aircraft division, advantages of comparison of cost with other concerns are not available. The Committee, therefore, consider it all the more necessary that the costs should be carefully analysed and kept under check so that maximum efficiency could be attained.**

48 **The recommendation has been noted. The production and cost figures as also overhead percentage etc. for each shop are being put up to the Board of Management of the Company every month with a view to ensuring that a periodic check on costs is exercised.**

15 **The matter was taken up with the Ministry of Transport and Communications (Department of Communications and Civil Aviation). That Ministry has taken a policy decision to introduce HT-2 aircraft at the Civil Aviation Training**

52 **The matter was taken up with the Ministry of Transport and Communications (Department of Communications and Civil Aviation). That Ministry has taken a policy decision to introduce HT-2 aircraft at the Civil Aviation Training**

52 **The Committee suggest that active steps should be taken to induce the civil Aviation authorities as well as flying clubs to go in for HT-2 trainers, designed and made entirely in India.**

Centre and the flying clubs and have intimated that no new trainer aircraft are now being imported and that all replacements will be done by HT-2 aircraft. They have already purchased 9 HT-2 aircraft from HAL, and have decided to place a further order on the company for 6 HT-2 aircraft with necessary spares.

[*Min. of Defence U.O. No. 11/1/57/D (Air-Projects), dated 24-2-59*].

- 18 56 The Committee hope that the Gnat and Orpheus Projects will be executed expeditiously.
- 19 57 The Committee recommend that in future care should be taken to plan the requirements of new aircraft sufficiently in advance, so as to avoid causing idle capacity and idle labour in HAL.
- 21 59 The Committee understand that special types of steel were among the raw materials required for aircraft manufacture which were imported
- 4
- The recommendation has been noted. All possible steps are being taken for the expeditious execution of the Gnat and Orpheus Projects.
- [*Min. of Defence U.O. No. 11/1/57/D (Air-Projects), dated 31-1-59*].
- Noted.
- [*Min. of Defence U.O. No. 11/1/57/D (Air-Projects), dated 31-1-59*].
- The list of special steels required for the Aircraft manufacture was forwarded to the Hindustan Steel (P) Ltd., M/s. Tata Iron and Steel Co.

from abroad at present. They would suggest that the steel mills that are being set up should be given advance information of the special types of steel that will be required and that they may consider the practicability and economics of making such steel in this country.

Ltd., M/s. Mysore Steel Works Ltd., Bhadravati and M/s. Indian Iron and Steel Co. Ltd., to consider the feasibility of production of these steels in their mills. They have all expressed their inability to undertake manufacture of these steels for the following reasons in general:—

(i) The quality of steel does not come within the general line of products to be manufactured by them.

(ii) Aircraft steel is too hard to roll in their mills.

(iii) Quantities required constitute uneconomical tonnage for mass production.

2. The question of the various types of steel required by HAL being manufactured by the Ordnance factories is under examination.

3. The Ministry of Steel, Mines and Fuel propose putting up an Alloy and Tool Steel Plant during the Third Five Year Plan period. Some of the requirements of the Defence Ministry for special steels are likely to be met by this Plant.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects), dated 12-6-59].

23 To prevent delays arising in future in the procurement of stores by the HAL the Committee recommend that the system of provisioning of stores should be such that it should be able to meet all contingencies which might cause delays and that, wherever necessary, the reserve limit of stores may be revised and provision reviews carried out sufficiently in advance. Further, the machinery for this purpose should also be flexible and capable of adopting a policy of purchase in changing situations.

The recommendation has been noted. Arrangements have been made by the Company for dealing with changing conditions and for making their purchase procedure more flexible.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects), dated 24-2-59].

27 68 Although the accounts of the Barrackpore Factory are maintained separately to a certain extent, they are not treated as separate, but merged in the accounts of the main factory while finalising the annual accounts under the Companies Act. The Committee consider it necessary that for the branch factory a profit and loss account should be drawn on proforma basis. Costing should also be done separately in respect of the jobs done by the branch factory. The Committee feel that only thus could the efficiency of the branch factory be watched and improved.

As suggested by the Estimates Committee, a separate proforma Profit and Loss Account of the Barrackpore Branch Factory will be drawn up from the year 1958-59 onwards.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects), dated 31-1-59].

30 78 The building of integral coaches is a new venture in India. Foreign collaboration and assistance

As suggested by the Estimates Committee, every effort is being made to make a success of the

are as such indispensable at the initial stage. The agreement with MAN is for 5 years. It provides not only for the supply of manufacturing information to the HAL but also for training to the technicians here as well as abroad. These are opportunities of which maximum advantage should be taken so that after the agreement period is over the HAL may be in a position to manufacture these coaches without the assistance from any foreign body. The Committee hope that no effort will be spared to make a success of the agreement and also to improve on the targets laid down so far.

agreement entered into with MASCHINEN-ABRIK AUGSBURG-NUERNBERG A.G., for the manufacture of Integral Rail coaches at HAL, and to improve upon the targets, if possible.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects), dated 31-1-59*].

31

88

The object of an apprentice scheme within a factory is to make certain that the trainees are brought up in the ideas of the factory and to absorb its spirit and working system. To rely on institutions outside the control of the HAL for supply of technicians would not obviously serve this end. Apart from this there is also the risk of the training given being not up to the requisite type and standard, with greater developments in their programme of manufacture, the HAL would have to make sure of the technical competence of their employees and of their fitness in all respects for the job in which they are engaged. For this purpose, it is necessary that all the persons should be trained by the HAL itself.

The recommendation has been noted. HAL are setting up a technical training school of their own for which buildings are now practically complete.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects), dated 31-1-59*].

32

The Committee consider the existing scheme under which only 80 apprentices are recruited in a year for training as utterly inadequate. They are also surprised to learn that only a small number of 82 apprentices have so far completed their training in the HAL. The Committee consider that even replacement of normal wastage would necessitate the recruitment of about 300 new technicians every year. As the training is spread over a period of three years, 900 apprentices will have to be put under training at the same time.

HAL have since revised their training scheme. Under the new scheme 300 apprentices will be taken per year for training in different trades.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects), dated 31-1-59.*]

33

Well trained technicians are always of value especially in a country which is endeavouring to increase industrialisation in many spheres but is short of technical staff. The Committee, therefore, do not apprehend any danger on account of HAL expanding their training programmes. Any expenditure on apprentices is virtually an investment on technical talent for use of the factory in the future. The Committee feel that it is worthwhile spending sufficiently to ensure that the apprentices are well trained.

The recommendation has been noted.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects), dated 31-1-59.*]

34

The Committee learn that the HAL will shortly be introducing a scheme by which they will

The recommendation has been accepted by the Board of Directors of HAL. The remarks made

train 360 welders in about three years time, to meet the requirements of the integral coach project. While the Committee appreciate this as a move in right direction, they recommend that the possibility of providing suitable training to artisans in other trade groups may also be explored so that the entire requirements of the HAL's technical hands may be drawn from the persons trained by them.

35

The Committee understand that HAL had experienced difficulty in getting suitable aeronautical engineers. To overcome this, they recruited ordinary engineering graduates and gave them training in aeronautical work. The Committee realise that in the existing circumstances of dearth of qualified engineers, the HAL had no other way out but to adopt this course. They would, however, suggest that the HAL should give an indication of their requirements of aeronautical engineers over a period of say five years, to the Ministry of Education so that the later may see at the time of screening applications from intending candidates for study overseas that an appropriate number took up the subjects of aeronautical engineering in important institutions so as to provide a source from where HAL can recruit their future aeronautical engineers.

92

by the Ministry of Defence with reference to the recommendation at Sl. No. 31 may please be seen in this connection.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59*].

As suggested by the Estimates Committee, the Ministry of Education has been informed of HAL's estimated requirements of Aeronautical Engineers during the next five years and that Ministry have been requested to keep these requirements in view while processing applications from intending candidates for study abroad.

[*Ministry of Defence U. O. No. 11/1/57/D (Air-Projects) dated 31-1-59*].

36 The Committee learn that at one time the HAL employed about 200 foreign personnel and that by gradually putting under studies they have by now been able to reduce their number to five excluding the German engineers who have arrived only recently. The Committee realise that building up experience takes a long time and hope that the right type of persons who are capable of absorbing the experience of the foreign experts and of developing it are associated with them. They feel that it should be periodically examined whether the maximum benefit is derived from such association.

41 116 The Committee understand that the HAL had tried to train their workers for participation in the management of the Food Grain Depots and one or two other concerns but they proved a failure on account of inability to form a proper committee. The Committee consider this very unfortunate especially in the context of modern ideas of labour participation in management. They suggest that in spite of the initial failures, concerted action is necessary on the part of labour with the cooperation of the management to make such schemes an unqualified success.

The recommendation has been noted and action as suggested by the Estimates Committee is being taken to the extent possible.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59].

The Management of HAL are taking steps to encourage workers to participate in the running of the various welfare schemes in the factory.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 24-2-59].

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Serial No. of recommendation	Reference to Para No. of the Report	Summary of Recommendations/conclusions	Reply of the Government
1	2	3	4
2	14	<p>While the Committee agree that the IAF as the principal user department should be represented on the Board of Directors, they do not consider it desirable that the Board should include many officers of the Secretariat. The Committee recommend that the composition of the Board of HAL should be reconsidered in the light of the observations made by the Committee in paras 47 to 49 of their 39th Report.</p>	<p style="text-align: center;"><i>Sl. Nos. 2 & 3, Para Nos. 14 & 15</i></p> <p>The Committee's recommendations have been noted. The HAL has taken several new projects on hand and its activities are now on the increase. It is, therefore, not considered advisable to make changes in the Board of Directors just at present. The recommendations will be kept in view when changes are being made.</p>
3	15	<p>The Committee feel that it would also be advisable to appoint persons with wide experience in aviation and/or steel, and/or aluminium industry to the Board of Directors. The</p>	<p style="text-align: center;"><i>[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 12-8-59].</i></p>

present Board of Directors of the HAL has only one such person as member. The Committee consider that the Board may be broad-based by the inclusion of more such persons. They feel that it should then be possible to appoint one of them as Chairman of the Board.

6

23

The Committee feel that it is a healthy feature to associate State-Governments in Central enterprises specially in those constituted under the Companies Act. Such association would enable the State Government concerned to take a greater interest in the enterprises located within its territory.

The Mysore State Government is already a Shareholder in the Hindustan Aircraft (Private) Limited, and has a representative on the Board of Directors of the company.

[Ministry of Defence U.O. No. 111/1/57/D (Air-Projects) dated 31-1-59].

9

35

The Committee consider that it is very necessary that the HAL should obtain prompt payments from its customers. They, therefore, recommend that the HAL, in consultation with the IAF and the Indian Airlines Corporation should draw up a procedure for obtaining quick payments for the work done.

A procedure has been evolved, according to which a Committee consisting of representatives of HAL, IAF and the Controller of Defence Accounts (AF), meets once a month to review HAL's outstanding bills. Another Committee consisting of representatives of the Ministry of Defence, the Ministry of Finance (Defence) and of Air Headquarters and CDA(AF), Dehra Dun, and the

25 The Committee understand that delays used to take place in the delivery schedules of IAC aircraft received for overhaul. This was stated to be due to some difficulty in obtaining documentation and technical clearance from the IAC by means of correspondence. In order to expedite matters, a Liaison Engineer from the IAC has been posted at HAL. The Committee hope that sufficient powers have been given to the Liaison Officer to enable him to settle matters on the spot.

26 In respect of Dakotas, which are in use both in the I.A.F. and in Civil Airlines and which are likely to be in use for some considerable time it appears that there is a shortage of certain types of spare parts. The Committee understand that the HAL have a licence to manufacture certain types of spare parts of Dakotas. They suggest that the question of manufacturing the spare parts on short supply be examined very early.

The I.A.C. have withdrawn their entire work from HAL. There are now no orders from the I.A.C. pending with the company. In view of this, no further action is necessary on this recommendation.

[*Min. of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59.*]

Under the "Douglas" Agency Service Scheme, HAL are authorised to manufacture those spare parts of Dakota aircraft which Douglas are unable to supply within a reasonable time and which are not available from any other source. HAL have accordingly been manufacturing, in co-ordination with the parent firm, Dakota aircraft spares in short supply wherever heavy jiggling and tooling are not involved.

[*Min. of Defence U.O. No. 11/1/57/D (Air-Projects) dated 17-3-59.*]

28 The Committee understand that there is further scope for opening small branch overhaul units

69

The suggestion has been examined. The present position is that the IAC have withdrawn their

elsewhere in the country. The Committee recommended that as and when needs arise, more such overhaul units should be opened in different parts of the country.

entire work from HAL and are handling it in their own workshop. As regards the other major customers of the HAL, namely, the IAF, the company has set up outstanding units at a number of places to look after the maintenance and overhaul of the Air Force planes. In view of this there is no scope at present for opening further branch overhaul units. However, the suggestion of the Estimates Committee will be kept in view for future guidance:

[Min. of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59].

29 70 The Committee were informed that the question of gradually transferring the overhaul work to Barrackpore so as to concentrate on the manufacturing work at Bangalore was under consideration. They hope that an early decision in this matter will be taken.

The matter has since been considered. It is felt that complete separation of maintenance and overhaul work from the manufacturing work is not feasible at HAL. Steps are being taken to transfer to the Barrackpore Launch Factory as much of the aircraft overhaul work as possible and to concentrate on the manufacturing work at Bangalore.

[Min. of Defence U.O. No. 11/1/57/D (Air-Projects) dated 24-2-59].

37 97 The Committee find that over 70% of the total employees are governed by a daily rated pay system. While the committee do not desire to make any comment on this system beyond what they have already recommended in para 84 of their Thirty-ninth Report, they feel that

Under the standing orders of HAL, daily-rated workmen, other than casual and temporary workmen, who have completed one year's continuous satisfactory service in the company are converted into monthly rated workmen with effect from the first of the month following

a rationalisation of the pay structure so as to remove all anomalies is necessary.

that in which they completed one year's service, the converted rate being equal to 26 times the wage rate. In view of this, most of the employees of HAL are already on monthly rated pay system though their wages are indicated on a daily basis.

In August, 1958 the percentage of daily rated employees in various grades in the skilled category was only between the limits 0.75 and 6.6 and in the case of unskilled daily workers the percentage was 16.1.

[*Ministry of Defence U.O. No. 11/1/57/D-(Air-Projects) dated 31-1-59.*]

38

The Committee are glad to learn that the HAL has evolved another wage Incentive Plan (Gearing Incentive Scheme) to increase the output of low efficiency groups.

Noted.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 24-2-59.*]

39

The Committee are glad to learn that the introduction of the attendance bonus scheme has resulted in improvement in attendance and reduction in absenteeism which has come down to 1.1 per cent. They recommend

The recommendation of the Estimates Committee has been brought to the notice of the other Ministries concerned with the administration of State-owned undertakings for necessary action.

that the feasibility of the introduction of similar schemes may be examined by other State industrial undertakings also.

40

The Committee regret to not that the programme of construction of quarters in the HAL is being delayed because of lack of water supply facilities. They recommend that the matter should be urgently considered by the Governments of India and Mysore at a high level and appropriate steps taken to ensure adequate supply of water not only to HAL but to other undertakings in and around Bangalore.

103

The matter had been brought to the notice of the Chief Minister, Mysore by the Chairman of the HAL Board of Directors; the State Government, however, expressed their inability to assist, as the water supply for the city of Bangalore itself is insufficient. HAL have since dug 16 bore-wells which yield 5 lakh gallons a day. With these additional bore-wells HAL are now self-sufficient as regards water supply.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) Dated 31-1-59].

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59].

CHAPTER IV

REPLIES OF THE GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial No. of recommendation	Reference to Para No. of the Report	Summary of Recommendation: conclusions	Reply of the Government	Comments of the Committee
1	2	3	4	5
5	21	<p>Besides the functional heads, there are four posts of Deputy General Managers. As the functional heads are expected to advise the General Manager on all important questions, technical or otherwise, the Committee feel that the necessity of placing additional functionaries in the form of the Deputy General Managers requires to be examined.</p>	<p>The recommendation has been examined in consultation with the Board of Directors of HAL. Originally it was proposed to appoint 4 Deputy General Managers—one each for the Aircraft, Engines, Rail-coach and Common Services Divisions. While the appointment of three Deputy General Managers is considered essential for the first</p>	Please see Chapter I

3 Divisions, it has been decided that, for the Common Services Division, instead of a Deputy General Manager, a Chief Administrative Officer of appropriate status should be appointed for co-ordinating the work of the various functional heads in that Division.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59 and 11/1/PC5/57/D (Air Projects) dated 10-9-59*].

10 36—40 The Committee suggest that active steps should be taken to reach a finality in respect of bad and doubtful debts amounting to Rs. 10,78,406/-.

The recommendation has been noted. HAL are taking active steps in this direction.

[*Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59*].

13 46 The Committee understand that provisional payment made to the HAL for coaches supplied to the Railways has not yet been finalised in the absence of any claim from H.A.L. As the finalisation of payment is essential for a true picture

The claim under the escalator Clause was sent by HAL to the Railway Board in the second half of 1957. More than half of the total claim of Rs. 39 lakhs, has since been paid by the Railway Board, who have stated that

5 The Committee note with regret that no finality has yet been reached in respect of bad and doubtful debts and hope that the matter will be finalised without any further delay.

The Committee note that there has been inordinate delay in the submission of the claim by HAL, under the escalator clause and in the final settlement of the same by the Railway Board. They consider this delay as regrettable and

1

2

3

of the accounts, the Committee recommend that immediate steps should be taken towards that end.

4

the entire payment will be finalised shortly after checking certain outstanding questions.

5

hope that suitable measures will be adopted by HAL for securing expeditious settlement of such claims.

[Ministry of Defence U.O. No.
11/1/PC 13/D (Air-Projects)
dated 30-5-59].

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT HAVE NOT BEEN RECEIVED

S.No. of recommendation	Reference to paragraph No. of the Report	Summary of Recommendations/Conclusions	Replies of the Government	Comments of the Committee
1	2	3	4	5
1	II	<p>The Committee observe that while several teams of experts have visited the factory to advise Government on the development of H. A. L. and other industries in India, there has been no specific examination of the efficiency, economy, production programmes, short</p>		

term and long term planning from the point of view of the growing needs of the air power and civil aviation of this country. The Committee would, therefore, recommend that a high level Committee should be appointed to examine in detail all these matters and to make specific recommendations thereon.

The Committee observe that in addition to statutory audit by the company auditors and the Comptroller and Auditor General any claims preferred by the H. A. L. against Defence Services and the Railways are also scrutinised by their respective Accounts Departments. The H. A. L. may, therefore, be said to have four different audits, or checks of accounts imposed on them, two statutory and two non-statutory.

12

The Committee feel that when transactions between different departments or undertakings of Government are concerned, it is not necessary to multiply these checks. It should be possible for the different departments or undertakings to accept a certificate from one agency. The Committee therefore, suggest that matter should be examined by the Ministry of Defence in consultation with the Ministry of Finance, Ministry of Railways and Comptroller and Auditor General.

45

16

The Committee feel that energetic steps should be taken to popularise the H. T. 2 trainer aircraft and to expand the market for it. There is great advantage in building such aircraft because whatever the type may be, trainer aircraft can continue in service for several years.

54

Necessary steps are being taken by HAL in this direction. With a view to popularising this aircraft, it has been demonstrated in Burma, Indonesia, Singapore, Malaya, Indo-China, Ceylon and Australia.

The Committee would like to be informed of the results of the demonstration of H. T. 2 trainer aircraft in foreign countries and the orders placed by them therefor, if any.

[Ministry of Defence U. O. No. 11/1/57 D (Air Projects) dated 31-1-59].

20 58 The Committee recommend that an early decision should be reached about the manufacture of a medium sized transport aircraft which would be useful for both civil aviation and the Air Force. They feel that in such a matter it might be preferable to start manufacture under licence.

A Committee had been set up under the Chairmanship of the Deputy Defence Minister (1) to consider the question of design and development of a medium sized aircraft to meet the needs of both the IAF and the Civil Aviation. The Committee has since made certain recommendations which are under consideration.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 31-1-59].

The Committee would like to be informed of the recommendations made by the Committee set up to consider the question of design and development of a medium sized aircraft and action taken thereon. Further, the Committee note that the manufacture of 'Avro 748' has been undertaken at the I.A.F. Maintenance Command, Kanpur, in collaboration with a foreign firm, to replace Dakotas in the Indian Air Force. The Committee would like to know whether H.A.L. could not have undertaken the production of a transport aircraft suitable for both civil aviation and the Air Force, whether the feasibility of entrusting the work to H. A. L. was considered and what role is envisaged for H. A. L. in this respect.

It should be the aim of the HAL to ensure that every part, instrument and accessory required in its manufacturing programme is manufactured in this country. The Committee therefore, recommend that capacity should be expeditiously developed for the indigenous manufacture of such items by having a number of sub-contractors or sub-manufacturers aiding the HAL. For this purpose, they suggest that the HAL should keep in touch with the Development Wing of the Ministry of Heavy Industries and should also be assisted by a Committee consisting of representatives of Industries and Production units, both in the public and private sectors, which are likely to assist in this matter. The Committee further recommend that the question of stockpiling should also be examined expeditiously with particular reference to the recommendation made by the Rolls Royce engineers.

The recommendation has been noted. The Directorate of Technical Development and Productions (Air) set up under the Ministry of Defence is coordinating the work relating to the indigenous manufacture of raw materials required for the production of aircraft and aero-engines.

2. Arrangement are being made for the manufacture of certain items of raw materials required for the production of aircraft and aero-engines. The possibility of manufacture of light alloys suitable for aircraft is also being explored by the Ministry of Commerce and Industry.

3 It may be mentioned in this connection that the standards specified for the raw materials required for aircraft production are very high. This combined with the fact that the indigenous requirements are likely to be small and uncertain make their production difficult.

The Committee would like to know what specific arrangements have been made for the manufacture of raw materials, components, parts etc. for production of aircraft and aero-engines indigenously and the role of H.A.L. therein.

5

4

4. As regards stockpiling, the recommendation of the Committee will be implemented to the extent possible under the existing stringent foreign exchange position.

[Ministry of Defence U.O. No. 11/1/57/D (Air-Projects) dated 23-3-59].

30A 85 The Committee recommend that greater efforts should be made to increase the percentage of employees belonging to scheduled castes and scheduled tribes and for this purpose there should be regular reservation for them.

35-A 95 The Committee recommend that a careful examination of the causes for large number of resignations of the technical personnel in the HAL should be conducted.

NEW DELHI

The 17th December, 1959
Agrahayana 26, 1881 (Saka)

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX

(Vide Introduction)

Analysis of the action taken by Government on the recommendations contained in the Sixty-Seventh Report of the Estimates Committee (First Lok Sabha)

1. Total number of recommendations	45*
2. Recommendations accepted fully by Government :	
Number	18
Percentage to total	40%
3. Recommendations accepted by Government partly or with some modifications :	
Number	7
Percentage to total	15%
4. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee :	
Number	9
Percentage to total	20%
5. Recommendations to which replies of Government have not been accepted by the Committee :	
Number	3
Percentage to total	7%
6. Recommendations to which final replies of Government have not been received :	
Number	8**
Percentage to total	18%

*Including two recommendations referred to at serial No. 42 of Appendix VI of the Sixty-seventh Report which were not embodied therein for security reasons and the two recommendations contained in paras 85 and 95 of the Report which were incorporated in Appendix VI thereof through a corrigendum.

**Including three recommendations on which the Committee desire further information.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY
PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-1**

Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent
1.	Jain Book Agency, Connaught Place, New Delhi.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	51.	S. Krishnaswamy & Co. P.O. Teppakulam, Tiruchirappalli.
3.	British Book Depot, 84, Hazratganj, Lucknow.	28.	City Booksellers, Sohan-ganj Street, Delhi.	52.	Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.	29.	The National Law House, Near Indore General Library, Indore.	53.	(R) M. Gulab Singh & Sons (P. Ltd., Press Area, Mathura Road, New Delhi.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	54.	(R) C. V. Venkatachala Iyer, Near Railway Station, Chalakudi. (S.I.).
6.	H. Venkatarameiah & Sons, Vidyavidyalaya Book Depot, New Statue Circle, Mysore.	31.	A. H. Wheeler & Co. (P) Ltd., 15, Elgin Road, Allahabad.	55.	(R) The Chidambaram Provision Stores, Chidambaram.
7.	International Book House, Main Road, Trivandrum.	32.	M. S. R. Murthy & Co., Visakhapatnam.	56.	(R) K. M. Agarwal & Sons, Railway Book Stall, Udaipur (Rajasthan).
8.	The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.	33.	The Loyal Book Depot, Chhipi Tank, Meerut.	57.	(R) The Swadesamitran Ltd. Mount Road, Madras-2.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	34.	The Good Companion, Baroda.	58.	The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6.
10.	Book Centre, Opp. Patna College, Patna.	35.	University Publishers, Railway Road, Jullundur City.	59.	Current Book Stores, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.	60.	A. P. Jambulingam, Trade Representative & Marketing Consultant, Prudential Bank Building, Rashtrapati Road, Secunderabad.
12.	The Cuttack Law Times Office, Cuttack-2.	37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.	61.	K. G. Asservandam & Sons Cloughpet, P. O. Ongoli, Guntur Distt. (Andhra).
13.	The New Book Depot, Connaught Place, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.	62.	The New Order Book Co., Eills Bridge, Ahmedabad-6.
14.	The New Book Depot, 79, The Mall, Simla.	39.	E. M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitrai Street, Madura.	63.	The Triveni Publishers, Masulipatnam.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	40.	Friends Book House, M. U., Aligarh.	64.	Deccan Book Stall, Ferguson College Road, Poona-4.
16.	Lok Milap, District Court Road, Bhavnagar.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.	65.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi-5.
17.	Reeves & Co., 29, Park Street, Calcutta-16.	42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.	66.	'Bookland', 663, Madar Gate, Ajmer (Rajasthan).
18.	The New Book Depot, Modi No. 3, Nagpur.	43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.	67.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	44.	W. Newman & Co., Ltd. 3, Old Court House Street, Calcutta.	68.	Makkala Pustaka Press, Balamandira, Gandhinagar, Bangalore-9.
20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.	69.	Gandhi Samriti Trust Bhavnagar.
21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.		
22.	International Book House Private Ltd., 9, Ash Lane, Bombay.	47.	Laxmi Narain Agarwal, Hospital Road, Agra.		
23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	48.	Law Book Co., Sardar Patel Marg, Allahabad.		
24.	The Kaipana Publishers, Trichinopoly-3.	49.	D. B. Taraporevala & Sons Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.		
25.	S. K. Brothers, 15A/65, W E.A., Karol Bagh, Delhi-5.				

**PRINTED AT THE PARLIAMENTARY WING OF THE GOVERNMENT OF INDIA PRESS,
NEW DELHI AND PUBLISHED BY THE LOK SABHA SECRETARIAT UNDER RULE
'382 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN LOK SABHA
(FIFTH EDITION)**
