

**ESTIMATES COMMITTEE  
1962-63**

**THIRTY-SECOND REPORT**

**(THIRD LOK SABHA)**

**MINISTRY OF MINES AND FUEL**

**National Coal Development Corporation Ltd., Ranchi**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 1963/Chaitra, 1885 (Saka)*

*Price :Rs. 1.70 nP.*

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(1962-63)

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\*Elected w.e.f. 15th November, 1962 *vice* late Shri B. J. Singh.

\*\*Elected w.e.f. 18th August 1962 *vice* Shri Shivram Rango Rane resigned.

## INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee, present this Thirty-Second Report on the Ministry of Mines and Fuel—National Coal Development Corporation Ltd., Ranchi.

2. The Estimates Committee conducted a general examination of the National Coal Development Corporation Ltd. in 1959-60 on the basis of the published annual report and accounts of the Corporation for the year ending 31st March, 1958 and presented the 93rd Report (Second Lok Sabha). The replies furnished by Government indicating action taken on the aforesaid Report were embodied in the 152nd Report of the Committee (Second Lok Sabha).

3. This year, the estimates relating to the Ministry of Mines and Fuel—National Coal Development Corporation Ltd.—were examined in detail by the Sub-Committee of the Estimates Committee on Public Undertakings which took the evidence of the representatives of the National Coal Development Corporation Ltd. from the 17th to the 19th October, 1962 and of the representatives of the Ministry of Mines and Fuel on the 22nd and 23rd October, 1962. The Report was adopted by the Sub-Committee on the 14th March, 1963 and finally approved by the whole Committee on the 20th March, 1963.

4. A statement showing an analysis of the recommendations contained in this Report is also appended (Appendix V).

5. The Committee wish to express their thanks to the Officers of the Ministry of Mines and Fuel and the National Coal Development Corporation for placing before them the material and information that they wanted in connection with the examination of the estimates. They also wish to express their thanks to the Director of the Central Fuel Research Institute, Dhanbad for giving evidence before the Committee and making valuable suggestions.

NEW DELHI;

*The 29th March, 1963*  
*The 8th Chaitra, 1885 (Saka)*

H. C. DASAPPA,  
*Chairman,*  
*Estimates Committee.*

## INTRODUCTORY

A. *Genesis of the Corporation*

Coal is one of the most important mineral assets of the country and is the main source of commercial energy. Its reserves for seams of thickness of 4 feet and above are estimated at 50,000 million tons and inferred reserves at 80,000 million tons. In 1960, coal constituted 74 per cent of the source of primary energy supplied to industries. Even with the increasing generation of electricity and progressive use of oil as fuel in many industries, coal will continue for long to be the major fuel and the basic source of primary energy in the country. In 1960-61, the coal industry provided employment to 3.9 lakhs persons. The vital importance of coal to the industrial economy of the country as well as the every-day life of the nation cannot be over-emphasised.

2. The production of coal was mainly undertaken by the private sector except for a few collieries which the Railway Companies owned and operated as captive mines to meet their own requirements. With the nationalisation of Railways, these collieries came under Government and were managed by the Chief Mining Engineer, Railway Board. During the war period, the Coal Controller's Organisation took over the management of these collieries.

The Industrial Policy Resolution of 1956 listed coal in schedule 'A', thus envisaging that its future development was to be the exclusive responsibility of the State. In pursuance thereof, Government decided in 1956 to set up an autonomous body to take over and run on commercial lines, the existing State collieries and to open new mines. Accordingly, the National Coal Development Corporation Ltd. (hereinafter called the Corporation) was incorporated as a Limited Company on the 5th September, 1956. It took over the then existing eleven State Collieries\* with effect from 1st October, 1956.

\**Bihar* :

1. Kargali, 2. Bokaro, 3. Jarangdih, 4. Sawang, 5. Kurharbaree,
6. Serampore, 7. Argada, 8. Bhurkunda.

*Madhya Pradesh* :

9. Kurasia.

*Orissa* :

10. Talcher and 11. Deulbera.

### B. Role of the Public and Private Sectors

3. The table below gives the actual production of coal in 1955 and targets of production for the Second Plan in respect of the private and public sectors:—

Sector	Actual production 1955-56	Targets of production for 1960-61
(In Million tons)		
<i>Private Sector :</i>		
By expansion of existing workings and immediately contiguous areas . . . . .	33.9	43.50
<i>Public Sector :</i>		
(i) Existing State Collieries . . . . .	3.0	3.50
(ii) New Collieries . . . . .	—	10.00
(iii) Singareni Collieries Ltd* . . . . .	1.5	3.00**
	38.4	60.00

Role as envisaged in the Industrial Policy Resolution and the Second Plan.

4. As already stated the Industrial Policy Resolution of 1956 envisaged that "all new units" in the coal industry "are to be set up only by the State. This does not, however, preclude the expansion of the privately owned units, or the possibility of the State securing co-operation of private enterprise in the establishment of new units when the national interests so require." In fact, in the Chapter dealing with the development of Mineral Resources including coal, the Second Five Year Plan clearly contemplated that while additional production of 12 million tons, allocated to the public sector should come either from their existing collieries or newly opened ones, the private sector should raise its share of additional 10 million tons, "from their existing workings and immediately contiguous areas."

Private Sector permitted to develop new areas.

5. The Committee were informed that since the middle of 1956 the Central Government had given its approval to the private sector of the coal industry to develop new areas in 49 cases in the various States, viz. ten in Assam, eleven in Bihar, fifteen in Madhya Pradesh and thirteen in West Bengal. This approval was given mostly in respect of those areas which were contiguous to the existing collieries or were so isolated that the public sector had no plans for their development. In keeping with this policy, the following tests were applied in deciding the proposals for the development of new areas in the private sector:—

"(1) Whether the area applied for is an essential part of the Plan of the private sector;

\*A Government Company owned by the Andhra Pradesh Government.

\*\*At the time of final verification, it was stated that the target of production of Singareni Collieries Co. Ltd. for 1960-61 was 2.6 million tons.



- (2) Whether the area applied for is contiguous to a working colliery;
- (3) Whether the area in question is comparatively small;
- (4) Whether the area is an isolated pocket;
- (5) Whether the coal deposits in the area are of poor quality or of higher grade."

6. It is, however, seen that of the 49 areas referred to above, 25 are contiguous and 24 non-contiguous. The representative of the Ministry explained during evidence that Government took a pragmatic view of the Industrial Policy Resolution and interpreted it rather liberally. At the time of finalising the programme of coal production in the Third Plan, the capacity of the public sector was taken into account and the rest of the production was allocated to the private sector which could expand in the contiguous areas or develop new ones. Each case was, however, examined on merits before permission was accorded to a private sector unit.

Liberal interpretation of the Industrial Policy Resolution by Government.

7. The Committee note that in the Second Five Year Plan, it had been specifically stated that "in future the policy of retaining all new undertakings in coal in the public sector should be more strictly followed.....The expansion of production by the establishment of new collieries will be undertaken wholly in the public sector." The Committee feel that the present policy of Government in allowing non-contiguous areas to the private sector is strictly not in consonance with the Industrial Policy Resolution and the decision contained in the Second Five Year Plan. The rather liberal interpretation of the Industrial Policy Resolution tends to create a certain amount of uncertainty in this respect and is not conducive to the proper development of the industry. It is necessary that any relaxation or re-orientation in the working of the policy should be given due publicity. The Committee deem it necessary that there should be more definiteness and clarity in the matter of enunciation of policy as also stricter adherence to the policy in actual implementation of it. Having regard to the actual working of the policy on expansion of coal production from the pragmatic angle, which has permitted private sector to go into some new areas also, the Committee consider it appropriate for Government to re-examine its policy and re-enunciate it with any changes it may choose.

Committee's Recommendation.

### C. Objects and Functions

8. The objects of the Corporation as set out in its Memorandum of Association contemplate, *inter alia*, the carrying on of the trade of colliery proprietors, coal merchants and miners; manufacturers of coke and bye-products of coal; generation, transmission and sale of electri-

Present activities.

city, etc. The Corporation has so far confined its activities mainly to the production of coal and its washing\*.

Desirability  
of expansion  
of scope of  
activities.

9. Regarding the expansion of the scope of activities of the Corporation, the Managing Director stated that they could undertake low temperature carbonisation, generation of power and installation of coke oven plants. They had approached the Government recently for installation of a thermal power station at Kathara. Explaining the reasons for the Corporation going in for the installation of thermal power station for which the State Electricity Boards were responsible, he stated that they had come up against the problem of disposal of poor quality coal and middlings from the washeries and that this was one method of utilising them economically and profitably. The Secretary of the Ministry, however, stated that while it might be permissible for a Corporation of this nature to utilise the middlings for the generation of power, it would not be quite correct for it to undertake other activities where 'coal lost its character'.

Activities of  
similar orga-  
nisations in  
foreign  
countries.

10. The Committee understand that in certain foreign countries the State Coal Mining Organisations not only produce coal but have also undertaken various other ancillary activities like generation of power, manufacture of coke and processed fuels, bye-products, fertilisers, briquettes, bricks, tiles, etc. In fact the National Coal Board, U.K., operates half of Britain's coke and bye-products plants and is the second largest producer of bricks. In 1961 they made a profit of £629,000 from brick-works alone. Mon. Signard, a foreign expert of Charbonnages-de-France has considered the Corporation not possessing coking plant, generating stations, etc. "a serious handicap from the financial point of view".

Committee's  
recommendation.

11. *The Committee consider that the existing activities of the Corporation which are mainly limited to the production of coal, may not prove to be very profitable. They, therefore, feel that to make the Corporation a permanently viable unit, it is necessary that it should not remain a 'hewer' of coal merely but should also undertake low temperature carbonisation and other ancillary activities like coking of coal, gasification of coal, production of smokeless fuel, manufacture of bricks, etc. They recommend that the whole matter may be examined by an expert Committee which may suggest suitable lines of ancillary activities such as indicated above to be undertaken by the Corporation after a consideration of all relevant factors.*

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\*The Corporation also produces small quantities of coke from its Coke Oven Plant at Giridih.

## II PRODUCTION

### A. Second Plan

12. The Second Plan estimated the demand for coal in the country at about 60 million tons at the end of the Plan Period, i.e. 1960-61. Of this target, the Corporation was expected to raise 13.5 million tons i.e. an additional 10.5 million tons over the production of 3 million tons by the State collieries in 1955-56. The actual production of coal by the Corporation during each of the years upto 1960-61, is given below:—

Target of Production not attained.

Year	Target	Actual Production	Percentage annual increase
	(million tons)	(million tons)	
1956-57	—	3.11	—
1957-58	—	3.38	8.7%
1958-59	—	3.82	13%
1959-60	—	4.85	26.9%
1960-61	13.5	8.05	69%

13. No year-wise production target was formulated by the Corporation or the Ministry. Against the production target of 13.5 million tons, the Corporation produced only 8.05 million tons of coal in 1960-61, i.e. 5.45 million tons less than the target.

14. It was stated by the Ministry that the Second Plan target allocated to the Corporation was that it should in the last quarter of the Plan, i.e., January to March, 1961, reach a 'rate of production' of 13.5 million tons. The actual 'rate of production' in that quarter was 13.7 million tons. It was therefore claimed that the target was not only achieved by the Corporation but was slightly exceeded.

Strange interpretation of target of production.

15. This interpretation of target as 'rate of production' by the end of the year 1960-61 instead of production for the year 1960-61 appears for the first time in the Annual Report of the Corporation for 1958-59 published in December 1959. In the earlier Reports there is only mention of targets. As to the reasons why the target was assumed

as 'rate of production' in the last quarter of 1960-61 instead of production for the year as a whole, it was stated that the Corporation had to open a number of new mines in virgin areas which took five to eight years to go into full production. Legislation had to be passed to acquire new areas which had to be prospected in detail to prove the reserves and to select the blocks to be developed. Further there were also the problems of securing foreign exchange and shortage of technical personnel, etc.

16. It was admitted that no concurrence of the Planning Commission was obtained to this interpretation of target as being not for the whole year but only for the last quarter of 1960-61. It was in June, 1961 at the time of the formulation of the Third Plan that the issue arose and the Planning Commission clarified to the Ministry that by target they meant actual production in the last year of the Plan and not 'rate of production' in the last quarter.

**Committee's  
Observation.**

17. *The Committee are surprised at the strained and novel interpretation put forward by the Ministry on the target of production for the Second Plan. To interpret the target of production as the rate to be achieved during the last quarter of the year, as was done by the Ministry, does not appear to have any rationale behind it, as quite apart from other considerations, such an interpretation itself can be stretched further even to mean rate of production during the last month or last week. Further, it is well known that targets of production of coal laid down in the Plans are estimated on the basis of the annual requirements of the various industries. In fact, the Second Plan made it quite clear as will be seen from the following extract from para 14 of Chapter XVIII of the Plan:—*

*“Accordingly it has been tentatively decided that of the additional production of 22 million tons envisaged by 1960-61, 12 million tons should come from collieries in the public sector either already existing or to be newly opened.....”*

*It would appear that when it became clear to the Ministry that the Corporation could not fulfil the target of production of coal set for it during the Second Plan, the concept of a rate of production was introduced and a new interpretation was given to the term target of production. What is more surprising is that the Ministry and the Corporation not only persisted in this erroneous interpretation but claimed that the target rate of 13.5 million tons was not only achieved but was in fact slightly exceeded.*

**Stepping up  
of produc-  
tion in the  
last quarter  
of 1960-61.**

18. To achieve the 'rate of production' of 13.5 million tons, the Corporation stepped up its production during the last quarter of 1960-61. While production in the first three quarters of that year was 4.62 million tons, i.e., an average of 1.54 million tons per quarter, the production in the last

quarter was 3.43 million tons. Further while the monthly production during the first nine months ranged between 4.67 lakh tons in April, 1960 to 6.67 lakh tons in December, 1960, the production during each of the last three months was as under:—

Month	Actual production (Tons)	Rate of production (Mill. tons)
January, 1961 . . . . .	10,40,577	12.48
February, 1961 . . . . .	10,89,797	13.07
March, 1961 . . . . .	12,96,570	15.55
TOTAL . . . . .	34,26,944	13.71

19. Thus, the production shot up from 6.67 lakhs tons in December, 1960 to 12.96 lakhs tons in March, 1961, i.e., from a rate of production of about 8 million tons in December, 1960 to a rate of 15.55 million tons in March, 1961. In this connection, it is noteworthy that already stocks had been accumulating at pit-heads for some time and the Railways were not in a position to supply sufficient number of wagons to lift them as will be seen from the following table:—

Period	Pit-head stocks.
	Lakhs tons
1958-59 . . . . .	0.95
1959-60 . . . . .	3.26
January, 1961 . . . . .	8.00
March, 1961 . . . . .	16.76

20. The result of this stepping up of production by the Corporation was a sharp rise in the pit-head stocks from 8 lakh tons at the end of January, 1961 to 16.76 lakh tons at the end of March, 1961. The Committee also learn that the Planning Commission in early January, 1961 had advised the Corporation to deliberately restrict production to avoid unnecessary accumulation of coal which would lead to a "national waste."

Result of stepping up of production.

21. It was explained by the Managing Director that the decision to go all out in achieving the target of production during last quarter of the year 1960-61 was taken

by the Corporation in consultation with and approval of the Ministry to vindicate the position of the Corporation, to boost the morale of the staff and to demonstrate by actual results that the Corporation had the capacity to attain the targetted rate of production. The representative of the Ministry admitted during evidence that this was a Government decision. The following risks which were involved in the accumulation of coal, were also brought to the notice of the Ministry before obtaining their approval:—

- (i) loss by pilferage;
- (ii) loss by fire; and
- (iii) deterioration in quality of coal.

22. The actual loss due to these factors was estimated at Rs. 16 lakhs. In addition, to clear the accumulated stocks, a deliberate decision was taken by the Management to restrict production in the following year (i.e., 1961-62) which fell from 8·05 to 6·05 million tons.

Committee's  
observation.

23. *The Committee consider it unfortunate that a decision to show a steep increase in the output in the last quarter of the last year of the Second Plan was deliberately taken by Government despite the advice of the Planning Commission to the contrary and with the prior knowledge that it would result in heavy losses which ultimately amounted to Rs. 18·70 lakhs. That it was done for what has been termed as vindicating the position of the corporation or boosting the morale of the staff could hardly be a justification. It is also doubtful whether the demonstration of the capacity of the organisation to attain the rate of targetted production served any useful purpose, particularly when actual production in the next year had to be restricted to less than fifty per cent of the capacity stated to have been achieved (i.e., 13·7 million tons) and that at a time when the production could easily be doubled from the highly mechanised open cast mines. In the circumstances it was neither proper nor prudent to have resorted to accelerated production in the last quarter of 1960-61. The Committee trust that such decisions which serve no useful purpose and lead to considerable loss in earnings and to 'national waste' would be avoided in future.*

#### B. Third Plan

Target of  
production.

24. The demand for coal in the last year of the Third Plan has been estimated at 97 million tons i.e., an additional production of 37 million tons over the 2nd plan target of 60 million tons. Of this, the Corporation has been allotted an additional production of 17 million tons i.e., a total production of 30·5 million tons in 1965-66. The Corporation has, however, formulated a programme for the production of an additional 18·5 million tons. The higher target has been set with a view to covering possible shortfalls in actual implementation of the programmes.

25. The annual targets of production of the corporation\* upto 1965-66 and the actual production so far are given below:—

Annual targets and actual production so far.

(In million tons)					
Annual Targets					
Year	Original as given in Annual Report of the Ministry for 1961-62	Revised as indicated to the Committee	Actual production		
1961-62	5.86	..	6.05		
1962-63	10.61	12.60	3.61	(April—Sept. 1962)	
1963-64	18.06	14.60	1962		
1964-65	24.35	18.66			
1965-66	33.63	33.50			

26. It will be seen that the actual production of the Corporation in 1961-62 was 6.05 million tons. In the first six months of the current year the production was 3.61 million tons only. The Managing Director expected to reach a production of about 9 million tons during the current year.

27. Regarding the attainment of the Third Plan target, the Managing Director stated that of the expected 33 million tons, a production of about 22 million tons was certain to be achieved. The remaining 11 million tons depended on extraneous factors like timely provision of railway siding facilities, adequate supply of wagons, power supply, lifting of coal by certain thermal power stations from connected collieries and commissioning of washeries as scheduled. The representative of the Ministry stated that they were taking steps to overcome these difficulties and assured the Committee that the target would be achieved.

Possibility of attainment of Third Plan target.

28. The Committee are well aware of the magnitude of the tasks facing the Corporation in achieving the Third Plan target. The attainment of this target would involve an increase in production from 8 million tons in 1960-61 to 33 million tons in 1965-66 i.e., an additional output of 25 million tons over a period of five years. That the production even in the second year of the Third Plan is

Committee's recommendation.

\*The phasing of overall production, as finally revised by the Planning Commission's Working Group on Production and Transport, is as follows:—

1961-62 (actuals)	54.4	million tons
1962-63	61.1	" "
1963-64	67.9	" "
1964-65	76.5	" "
1965-66	98.3	" "

likely to fall short of the revised target of 12.60 million tons by over 3 million tons. indicates that the programme is lagging behind. In fact the Corporation has not so far produced even 13.5 million tons in a year for which capacity was stated to have been created by 1960-61. The revised annual targets of production set by the Corporation envisage an additional output of about 15 million tons in the last year of the Plan compared to that of the previous year. Considering the rate of increase in production which would amount to about 11 million tons from 8 million tons in 1960-61 to 18.6 million tons in 1964-65 in the first four years, the Committee doubt whether an additional production of 15 million tons would be possible in the last year. Such a high production in one year, even if achieved, may create transport difficulties as was the case in 1960-61. Therefore, sounding a note of caution against accumulation of any abnormal pit-head stocks apart, the Committee would urge that the Corporation should not only make an all out effort to achieve the target, which has assumed an added importance in the context of the present emergency, but should also see that adequate transport facilities are made available by that time.

**C. Uncertainties about targets and the grade-wise production.**

29. The following features were noticed in regard to production targets of coal by the Corporation:—

- (i) No year-wise targets of production were laid down in the Second Plan.

For the Third Plan, year-wise targets of production were fixed in December, 1961 but they were substantially revised in September, 1962 vide table in para 25 above.

- (ii) Field-wise or colliery-wise targets of production laid down for the Second Plan were frequently changed as would be seen from the statement given below:—

(In Million Tons)

Coalfields	Production as originally envisaged in 1955-56.	Targets as indicated in the Corporation's Annual Report for 1957-58.	Final targets indicated to the Committee.	Actual production.	
	1	2	3	4	5
(i) Existing collieries (including new workings to Kurasia & Bhurkunda)		3.50	.70	5.78	4.79

Production targets changed frequently.



	1	2	3	4	5
<b>(ii) New Collieries :</b>					
<b>A—Madhya Pradesh—</b>					
(i) Korba . . . . .		4.00	1.60	1.39	0.57
(ii) Other Central India Coalfields (Korba, Bis- rampur, Kotma) . . . . .		3.00	1.00	0.24	0.07
<b>B. BIHAR :</b>					
(i) Karanpura (Gidi 'A' Saunda, Bachra, Chor- dhara Sayal 'A' Gidi 'C'. Sayal 'D') . . . . .		2.50	4.30	4.21	1.96
(ii) Kathara . . . . .		0.50	1.50	1.50	0.79
<b>C—ORISSA—South Balanda</b>		..	0.50	..	0.07

30. Thus while no annual targets of production were fixed either by the Corporation or the Ministry during the Second Plan, there were frequent changes in the colliery-wise and field-wise production targets.

The tendency to change field-wise/colliery-wise targets persists even in the Third Plan. For instance, while originally, additional production of 0.5 million tons was envisaged from Kathara (Bihar) it has now been revised upward to 1.5 million tons. Similarly the original target of additional production of 1.7 million tons from Korba (M.P.) was first changed to 2.8 million tons and then to 3 million tons. Even the present field-wise targets were stated to be subject to further revision. The representative of the Ministry stated that although it would be wrong to go on making violent changes, the planning of coal production and the actual phasing was a matter on which there could be no finality.

31. While the Committee recognise that circumstances can arise which may require adjustments in production programme, they consider that for planned development it is essential that year-wise and field-wise targets of production are framed realistically. Frequent major changes in them not only upset the transport arrangements but also result in loss of work-flow and efficient use of manpower and machines. The Committee would, therefore, recommend that the annual as well as field-wise targets of production for the Third Plan may be re-fixed finally to see that the actuals would not violently depart from the targets. It might also be desirable if quarterly targets are fixed for each colliery so that the Corporation could watch the progress.

Need to  
refix annual  
as well as  
coal-field-  
wise targets  
finally.

Trends in  
grade-wise  
production.

32. Table below shows the trends in grade-wise production of coal by the Corporation.

(In Million tons)

Quality	Actual production Second Plan			Targets for 1965-66
	1956-57	1960-61	%age increase	
1. Coking	2.323	3.366	45%	9.242
2. Non-coking:				
Selected (including selected 'A' and 'B')	0.199	0.336	69%	4.500
Grs. I & below	0.585	4.348	643%	19.850

33. It will be seen that during the Second Plan period while the production of non-coking coal of grades I and below increased by 643% from 0.585 to 4.348 million tons, the production of selected non-coking coal rose by 69% from 0.199 to 0.336 million tons and that of coking coal increased by 45% only from 2.323 to 3.366 million tons.

34. The principal objective of the coal programme in the Third Plan is to ensure that the additional output of coking and superior grades of non-coking coals, which is placed at 12 and 10 million tons respectively is made available to steel plants, merchant cokeries, railways and other industries.

35. *Since the Third Plan requires the public sector to take a more active part than hitherto in the production of superior grades of coal, the Committee hope that the Corporation would take active measures to produce more of coking and superior grades of non-coking coals.*

### III

#### DEVELOPMENT PROGRAMME

##### (A) Development of New Mines

36. The Second Plan envisaged that the additional production of 10.5 million tons of coal by the Corporation should mostly be raised from new mines to be developed in the outlying fields (i.e. outside Bihar and West Bengal). The statement below gives State-wise the position regarding the new mines actually developed during the Second Plan period:—

Second Plan objective of developing new mines in outlying fields not fulfilled to appreciable extent.

Name of new mines State-wise	Opencast or underground	Date when went into com- mercial production	Remarks
<i>Bihar :</i>			
1. Kathara . . .	Opencast	1-6-1959	
2. Gidi 'A' . . .	Both	1-4-1960	
3. Saunda . . .	Both	1-7-1959	
4. Bachra . . .	Underground	1-4-1960	
5. Sayal 'D' . . .	Underground	1-4-1960	
6. Gidi 'C' . . .	Opencast	1960-61	
7. Bhurkunda . . . (extension to old colliery)	Opencast	1-10-1958	
8. Chordhara . . .	..	..	Project abandoned.
9. Sayal 'A' . . .	..	..	Do.
<i>Madhya Pradesh :</i>			
10. Korba . . .	Both	1-4-1958	Five projects were under taken in this area. Two mines viz. one underground and one pilot quarry went into production. Two underground mines (Banki) and Surakachhar and one quarry (Manikpur) continue in Third Plan.
11. Korea . . .	Both	1959-60*	
12. Kurasia (extension to old colliery)	Opencast	1959-60	
13. Bistrampur . . .	..	..	Put off to Third Plan due to delay in linking with Railway line.
<i>Orissa :</i>			
14. South Balanda . . .	Do.	1960-61*	

\* Korea and South Balanda did not come on to the revenue account during the IInd Plan period. They were taken up as advance action for the IIIrd Plan and a certain amount of raisings were obtained during the IInd. Plan period also.

37. It will be seen that of the 11 new mines developed during the Second Plan period, 7 are in Bihar and only 4 in the outlying fields. Thus the Second Plan objective of developing new mines in the outlying fields has not been fulfilled by the Corporation to any appreciable extent.

Need to develop new mines in outlying fields.

38. To meet the production target set for the Third Plan, the Corporation intends to develop 16 new mines, besides extension of old mines. Of these, four are in Bihar, eight in Madhya Pradesh, two in Orissa and two in Maharashtra. Most of the new mines proposed to be developed are thus in outlying fields. The Managing Director informed the Committee during evidence that of the total production of 30.5 million tons at the end of Third Plan, about 50 per cent would be raised from outlying fields.

39. The Committee hope that the programme of development of new mines in outlying fields would be vigorously pursued and fully implemented during the Third Plan period at least. The importance of developing outlying areas cannot be over-emphasised as this would not only reduce haulage of coal over long distances but would also result in regional self-sufficiency to a certain extent.

Need to avoid infructuous time and money on project reports.

40. It is noticed that of the new mines taken up for development by the Corporation during the Second Plan, two viz. Chordhara and Sayal 'A' were given up after prospecting and preparation of project reports as the coal was found to be of an inferior quality. It is not clear why the quality of coal in the mines was not known to the Corporation during prospecting. The Committee consider that the time and money spent on the preparation of project reports was thereby rendered infructuous and could have been avoided.

Commissioning of new mines in Third Plan lagging behind.

41. The following statement shows the position regarding the new mines\* proposed to be developed in the Third Plan:

Name of mine State-wise	Opencast or underground	Year when expected to go into production	Remarks
<i>Bihar :</i>			
1. Sudamdih . . .	Underground	1965-66	—
2. West Bokaro (ex- tension to old colliery)	-Do-	1965-66	In prospecting stage at present.
3. Ramgarh . . .	Both	end, 1965	Washability tests completed in Nov. 1962. Project Report expected in January, 1963.
4. Chalkari . . .	Underground	1962-63	Project Report approved in September, 1961.

\*Does not include extension of Kathara, Sawang and Jaran-gūh collieries in Bihar, and Korba mines in Madhya Pradesh which are continuing from Second Plan.

Name of mine (State-wise)	Opencast or underground	Year when expected to go into production	Remarks
<i>Madhya Pradesh :</i>			
5. Churchajhlimili	Underground	1965-66	In prospecting stage.
6. Singrauli . . .	Opencast	1963-64	Project report approved in September, 1962.
7. Sonawani . . .	Underground	1963-64	Project report approved in August 1962.
8. Bijuri . . .	Do.	1963-64	Project report approved in September, 1962.
9. Jamuna . . .	Both	1963-64	Project report approved in September, 1962.
10. Bisrampur . . .	Do.	1962-63	Was a Second Plan project.
11. Daman Hill . . .	Underground	1962-63	Project Report approved in July 1961.
12. Patherkera/Panch/ Kenhan	Do.	1965-66	In prospecting stage.
<i>Orissa :</i>			
13. Jagannath . . .	Opencast	1964-65	Project report approved in September, 1962
14. Nandira . . .	Underground	1964-65	Project reported approved in September, 1962.
<i>Maharashtra :</i>			
15. Kamptee . . .	Do.	1965-66	Do.
16. Umrcr . . .	Opencast	1963-64	Project Report approved in December, 1961.

42. It will be seen that most of the new mines are still either at the project report stage or at the exploratory stage and that about fifty per cent of them are expected to go into production in the last two years of the Plan. The Third Plan envisaged that all the new mines would be established by the third year of the Plan period. Thus it would appear that there is again a time lag in the commissioning of new mines in the Third Plan.

43. The Committee were informed that no time schedule for completion of various stages of development and commissioning of new mines was drawn up by the Corporation in the case of the Second Plan projects. Schedules for completion of various stages of development of mines for Third Plan have also not been fixed. It was stated that the overall plan was to complete prospecting by the end of 1962 and to prepare all project reports by March, 1963. This had not been adhered to in a number of cases.

The Committee consider that the preparation of detailed time schedules of completion of various stages of development of a project are necessary to achieve Plan targets

Need for laying down detailed schedules of completion of various stages.

*and the progress actually made can be watched against such schedules and delays or difficulties, if any, remedied in time. They, therefore, recommend that detailed schedules should be prepared immediately for completion of various stages of development of the new projects in the Third Plan and the progress watched with reference thereto.*

**Need for preparation of comprehensive completion reports.**

44. The Third Five Year Plan has, among other things, specifically enjoined that for each major project a comprehensive completion report should be prepared giving the entire history of the project, including mistakes which occurred and risks taken, remedial measures adopted and lessons drawn, so that such a report might serve as a reference book and guide to engineers charged with the execution of similar projects in the future. The preparation of such a report should be begun while the works are in progress and the events are fresh in memory. The report should be completed as far as possible, simultaneously with or soon after the completion of the project.

45. So far, the Corporation has not prepared or even started preparing any completion reports in regard to the new projects undertaken by it. Explaining the reasons for not preparing these reports, the Managing Director stated that they had not been asked by Government to do so. *The Committee are surprised that such an important suggestion made in the Plan, which is aimed at economy and efficiency in working, has been overlooked both by the Corporation and the Ministry. They expect that the valuable suggestions contained in the Plans are taken due note of and implemented. The Secretary of the Ministry undertook to issue necessary instructions in the matter.*

#### B. Prospecting

**Taking over of detailed drilling work by the Corporation.**

46. The Geological Survey of India is responsible for the mapping of mineral resources and the Indian Bureau of Mines (I.B.M.) for the detailed prospecting. In 1958-59, the Corporation established a Drilling & Geological Organisation of its own headed by a retired Director of the Geological Survey of India, and since then detailed prospecting of coal had been undertaken both by the Corporation and the I.B.M. on its behalf. It has also recently been decided that the Corporation should progressively take over the entire work of detailed prospecting of coal from the Indian Bureau of Mines. Explaining the reasons for this decision, it was stated that there had been lack of coordination between the Corporation and the I. B. M. which had resulted in infructuous drilling. The requisite day-to-day co-ordination was not possible unless mining and drilling was done by the same organisation. A similar practice obtained in foreign countries also. It was also claimed that the cost of drilling by the Corporation would be less than what was being paid to the I.B.M. *The Committee appreciate the decision of the Corporation to take*

over ultimately the detailed drilling work from the I.B.M. They would urge that close co-ordination between the two organisations should be maintained till the entire drilling work is taken over by the Corporation.

47. The table below shows the meterage drilled by the Corporation and the I.B.M. during the last three years:— Need to strengthen the Drilling organisation.

Year	Meterage drilled		
	By Corporation's own drilling organisation	By I.B.M.	Total
1959-60 . . .	7389	68,667	76,056
1960-61 . . .	7161	53,244	60,405
1961-62 . . .	2776	28,612	56,368

48. It will be seen that despite the two organisations undertaking the detailed drilling for coal, the meterage actually drilled has been declining from year to year. This was mainly attributed to shortage of drills. At present the Corporation has 48 drills and formal sanction of Government for the purchase of 50 more drills had been obtained only recently.

49. The Committee consider that there is an urgent need to increase the tempo of detailed prospecting to expedite commissioning of new mines and to keep pace with the requirement of coal programme during the Third and subsequent Plans. They trust that the Corporation will take necessary steps to strengthen its Drilling Organisation and will take over the entire drilling work within a stipulated time.

### C. Washeries

#### (i) Kargali Washery:

50. In order to meet the requirements of coking coal of the steel plants at Rourkela and Bhilai, it was decided by Government in 1955 to set up a coal washing plant at Kargali. On the basis of the indent placed for a complete coal washing plant by the then Chief Mining Engineer, State Collieries, tenders were invited by the Director General of Supplies & Disposals in April 1955. After some negotiations, the contract for supply, installation and commissioning of the washery was placed by D.G.S. & D. on M/s. Eastern Equipment and Sales Ltd. in conjunction with Messrs. Daiichi Bassan Kaisha Ltd., Japan in March 1956 at a total cost of Rs. 1.72 crores.

Delay in Commissioning.

51. In terms of the Contract, the washery was scheduled to be commissioned by 1st January, 1958 but it actually went into operation in November, 1958 i.e. after a lapse of ten months. The reason given was that there were delays in obtaining permission from the State Government for commissioning of a ropeway, in completion of roads, foundation, drainage etc. *These delays were avoidable. The Committee feel that with proper planning, it should have been possible to get the washery completed in time. They hope that there would be no recurrence of such delays in future.*

Washery encounters heavy weather from the beginning.

52. The table below shows the rated capacity and output of the washery since its inception.

Year	Rated annual capacity in terms of washed coal	Actual Output	Percentage output to rated capacity
(In lakhs of tons)			
1958-59 . . .	16.20	1.47	27.2% (on the basis of 4 months)
1959-60 . . .	"	8.40	51.8%
1960-61 . . .	"	8.14	50.2%
1961-62 . . .	"	9.76	60.2%

53. *Even allowing for the low output of 27.2% of the rated capacity in the first year of commissioning i.e. 1958-59, the performance of the washery has not risen beyond 60% in the three years thereafter and thus has been far below the rated capacity.*

Causes for unsatisfactory performance.

54. To investigate the causes for the unsatisfactory performance of the washery in the initial stages and to make a full assessment of the technical efficiency of the washery, the management appointed a departmental committee in July, 1959 which submitted its report in February 1960. The Committee confirmed the following defects in the washery:—

- (1) The designed capacity of the washery fell short of the expected input capacity of 2.2 million tons per annum.
- (2) There was excessive size degradation of coal during its transit from the colliery's end upto the washery.
- (3) The capacity of the bi-cable ropeway did not come up to the specific rate of 250 tons per hour for 20 hours a day.
- (4) Inadequate provision had been made for storage purposes at various stages.



- (5) There was excessive coal dust in the washing plant for which adequate arrangements for dust control were not provided.

55. On the question whether the responsibility for the unsatisfactory performance rested on the Contractors or the National Coal Development Corporation, the members of the Committee were divided. One view was that the contractors were responsible for the supply and performance of complete integrated plant and the other, which was a majority view, was that the contract provided for supply and performance of individual component units only. As a result of negotiations, however, an agreement was reached between the D.G.S. & D. and the N.C.D.C. on the one hand and the Japanese contractors on the other in October, 1960 under which, the contractors agreed to give certain additional guarantees for the Coal Washing Plant, apart from the guarantees already given. Towards the fulfilment of these guarantees the Contractors gave a bank guarantee of Rs. 17 lakhs. As a result of the running tests conducted in August-September, 1961, the Corporation came to the conclusion that the guarantees in terms of the contract had been fulfilled. The bank guarantee was, therefore, released to the Contractors. The firm, however, gave a written letter agreeing to repair or replace any defective components even if no bank guarantee was in force.

Contractors could not be held responsible for deficiencies.

56. The following unusual features regarding the contract and shortcomings in maintenance have come to the notice of the Committee:—

Unusual features regarding contract and shortcomings in maintenance.

- (i) Unlike the usual practice in such matters, no project report for the washery was prepared. Tenders for the project were invited on the basis of the meagre coal characteristics data given in the Kargali-Bokaro Coal Washing Plant Committee Report (1954) which in actual working, was found to be different. It was explained that the facilities for analysis of coal were not adequate in the country at that time and further there was change in the method of mining subsequent to the contract resulting in excessive slack in coal.
- (ii) The contract was defective in that it provided for performance guarantee in respect of individual units and sections of plant and equipment only and not any specific guarantee as to the integrated capacity of plant as a whole.
- (iii) There have been maintenance and services difficulties due to lack of steady supply of coal, railway wagons, removal of rejects and middlings, shortage of power and water and poor maintenance for want of spares. In fact an expert has described the operation of the washery as that

*"The plant stammers. It operates for 10 minutes and then there is no coal; it shuts down for an hour and when coal arrives it operates for an hour when there is power failure. It shuts down again for half-an-hour or an hour. When power comes back, then there is a failure in water supply. In fact often over 30% of the working time is lost in this manner."*

- (iv) *The expenditure on repairs and maintenance of the washery during the two years viz. 1959-60 and 1960-61 amounted to Rs. 1.19 crores.*

Committee's  
Observation.

57. *It is thus evident from the foregoing that proper care and caution was not observed at the time of inviting tenders for this project as in the absence of project report complete data was not made available to the tenderers. The contract entered into with Japanese firm was also defective as it did not provide for the performance guarantee of the integrated plant and hence they could not be held responsible for ensuring the rated throughput. Repairs and maintenance costing as much as Rs. 1.19 crores during the two years had to be carried out at the cost of the Corporation. It is significant to note that the total cost of the washery itself was Rs. 1.72 crores only. In addition, a period of over three years was spent in getting the defects and deficiencies removed, resulting in loss of production and earnings. Even after this the annual production is expected to be 3 lakhs tons less than the original rated capacity of 16.20 lakhs tons as admitted by the Managing Director. The Committee cannot help feeling that the acts of commission and omission in this case have proved to be quite costly. They hope that there will be no repetition of such mistakes in future. In this connection they were assured by the Managing Director that they had learnt a good lesson and that they had better facilities for testing the coal characteristics and that their own engineers had also better experience.*

High Staff  
Strength.

58. Table below shows the estimated and actual staff strength of the Kargali washery:—

Category	Strength as estimated by Japanese Contractors (Revised)	Actual strength 1961-62
Unskilled Workers . . . . .	32	243
Semi-skilled Workers . . . . .	60	163
Skilled Workers . . . . .	139	97
<b>TOTAL . . . . .</b>	<b>231</b>	<b>503</b>

59. It will be seen that against the Contractors' estimate of 231 persons, the actual staff employed in the washery in 1961-62 was 503. The increase in unskilled workers is marked. It was explained that the contractors' estimate was not based on Indian conditions.

60. The Committee note that in foreign countries the coal preparation plants which have 50% higher output than the Kargali washery, employ about 80 men in three shifts. The Managing Director admitted that the present staff strength of the washery was high and undertook to reduce it to the minimum. The Committee can see no justification whatever for over-staffing the washery to such a large extent and hope that it would be reduced to reasonable proportion early.

61. In his comments on the Accounts of the Corporation Working. for the year ended 31st March 1961, the Director of Commercial Audit *inter-alia* stated as follows:—

"The working expense account of the Kargali Coal Washery. Washery (which forms part of Company's undertaking) for the year ended 31st March, 1961 showed a net loss of Rs. 42,90,040 which has been taken to a Suspense Account as in the previous year. The total loss on this account (after including interest on capital outlay during development period amounting to Rs. 3,70,483/- and the loss of Rs. 39,79,380 upto the end of 1959-60) amounts to Rs. 86,39,903 to the end of 31st March, 1961. It has been stated in note C (1) (B) (II) of Schedule VIII that according to the Directive of the Government of India, the above debit balance is to be kept under suspense until the target level is achieved to be cleared ultimately by means of a Surcharge on Hindustan Steel Limited."

62. In reply to a written enquiry regarding the above, it was stated that it was not true to state that the washery had been running at a loss. In accordance with the agreement arrived at, the Hindustan Steel Ltd. (H.S.L.) had been paying the Corporation at an *ad-hoc* rate of the notified price for selected 'B' coal plus Rs. 5 with the understanding that once the final price was negotiated and settled, the difference, if any, between the final price so settled and the provisional price would be made good by the H.S.L. As regards Government directive for keeping the debit balance under suspense, it was stated that there was no such directive. A suspense account was being maintained by the Corporation which would be wiped off after the actual cost incurred had been paid by the H.S.L.

63. A settlement was stated to have been reached with H.S.L. in this regard during 1961. Under this, the H.S.L. would reimburse the Corporation with the actual expenditure incurred upto 30th September 1961. For the subsequent period a standard cost is to be worked out on the basis of principles agreed upon between the two parties.

*The Committee consider that the standard cost should have been worked out from the very beginning. The system of payment at cost is not conducive to economy and efficiency. They hope that there would not be any further delay in arriving at the standard cost and that such arrangements would be made in similar cases in the future.*

**Middling and Rejects.**

64. Large quantities (ranging from 28 to 32 per cent of the total raw coal fed) of middlings and rejects are released by the washery in the process of washing. While the former are supplied to the Bokaro thermal power station, the latter are just dumped. Total quantities of these middlings and rejects may increase with the commissioning of new washeries.

**Feasibility of issuing middlings to staff.**

65. The Committee understand that in Western countries, middlings are supplied to the staff in lieu of coal as free distribution, to which they are normally entitled to under the wage awards etc. The difficulty pointed out by the Corporation in following this practice was that it might be resented by the employees. During the two years viz. 1959-60 and 1960-61 the cost of coal issued free to employees, numbering about 50,000, of the Corporation amounted to Rs. 53.67 lakhs representing nearly 2.68 lakhs tons of coal. *The Committee feel that by issuing middlings in lieu of coal to staff, it would not only improve the earnings of the Corporation but would also release substantial quantity of good quality coal for industrial and other purposes. They, therefore, suggest that the feasibility of issuing middlings to the staff may be examined by the Corporation.*

**Desirability of putting washery rejects to proper use.**

66. Rejects released by the Kargali washery amount to about 10 to 12% of the total input of coal which would come to about 2 million tons at the rated capacity. It was stated that at present there was no outlet for the rejects due to inadequacy of transport and that they could be used for brick-burning or gassification etc. In this connection, *the Committee would draw attention to para 11 of the Report in which they have suggested an expansion of scope of the activities of the Corporation. They hope that the Corporation would put the rejects to proper use and thereby avoid the national waste.*

(ii) *Other washeries*

**Korba Washery.**

67. A contract for the preparation of a detailed project report for the coal washing and dressing plant in the Korba coal-fields was entered into by the Corporation with Tiazprom-export, U.S.S.R. in December, 1957 at a cost of Rs. 5.95 lakhs. The idea was stated to be to beneficiate coal and supply a major portion of it to the Korba Thermal Power Station in Madhya Pradesh. On receipt of the project report, it was found that the cost of the plant and washing was going to be too high. The project was, therefore, abandoned as being an uneconomical proposition. The

Power Station authorities were prepared to accept coal of a certain specification for providing which it was not worthwhile washing the coal. It was admitted that their earlier assessment regarding washing of the coal, which was of non-coking quality, went wrong.

The Committee regret that the economics of the project were not fully gone into by the Corporation before entering in to contract for the project report. Apart from expenditure entailed on carrying 500 tons of coal to Lenin-grad for washability tests and on deputation of Russian experts etc., a wasteful expenditure of Rs. 5.95 lakhs was incurred on the preparation of the project report alone. They urge that the management should exercise proper care in such matters to avoid waste.

68. The Third Five Year Plan envisages the setting up of additional washing capacity of 12.7 million tons over the Second Plan target of washing capacity of 11.63 million tons of coking coal. Of this, 3.2 million tons is being obtained by expansion of the washeries of the H.S.L. at Dugda and Bhojudih and the capacity for balance of 9.5 million tons is to be set up by the Corporation. Besides this, the Third Plan also tentatively envisages the establishment of washing capacity for 7 to 8 million tons of non-coking coal for use by the Railways, which is also entrusted to the Corporation.

New Washeries.

69. The table below shows the position of washeries which the Corporation has planned so far in respect of coking coal:—

Shortfall expected in Third Plan target of washing capacity for coking coal.

Name of Washery	Capacity in terms of raw coal (mill. tons)	Expected date of commissioning	Shortfall expected in Third Plan target of washing capacity for coking coal.
1. Gidi	2.84	April, 1965	
2. Kathara	3.00	Do.	
3. Kargali expansion	0.50	Do.	
4. Sawang	1.00	June, 1965	
5. Ramgarh	1.50	March, 1966	
<b>TOTAL</b>	<b>8.84*</b>		

70. Thus against the targetted capacity of 9.5 million tons of coking coal, the Corporation expects to achieve a capacity for 8.84 million tons only by the end of the Third Plan.

71. As regards non-coking coal, it was stated that the Plan target might not be achieved as the Railways and other consumers were not prepared to bear the extra cost of washing and the problem remained unresolved. Thus there is no definite programme for setting up washeries for non-coking coal by the Corporation with the result that the

Setting up of washeries for non-coking coal not yet taken up.

\*In addition, the Corporation is also setting up a washery at Sudamdih with an input capacity of 2.16 million tons which will go into production in 1967.

tentative Third Plan target is not likely to be achieved. The setting up of washeries for non-coking coal has not been taken up as yet on account of some differences between the Corporation and the Railways. Why such differences could not be resolved by Government so far is not clear. The Committee recommend that Government should take decisive steps in the matter and ensure that the programme envisaged tentatively in the Plan becomes a reality.

**Equipping of all new mines with suitable washeries.**

72. The Committee understand that in foreign countries a washery is regarded as a normal adjunct to a colliery. They were also told that since mechanisation and fast loading on to wagons of coal would involve installations for storage, crushing, screening, conveying and loading, incorporation of a small standard washery plant in the mining plan would not constitute any appreciable expenditure. The Committee consider that the setting up of washeries apart from conservation of scarce coking coal resources, would also help in reducing the load on the railways. They consider that the equipping of all new mines in the public sector, with suitable washeries would be a step in the right direction and that the matter may be examined without delay.

**Taking over of H. S. L. Washeries by N.C.D.C.**

73. At present coal washeries in the public sector are being managed by two agencies viz. Hindustan Steel Ltd. (Durgapur, Dugda, Bhojudih and Patherdih washeries) and the Corporation (Kargali and all other new washeries). Foreign collaboration had been sought from different countries for developing the washeries by both the organisations.

74. Regarding the feasibility of taking over of washeries of the H.S.L. by the Corporation, it was stated that the washeries of the H.S.L. were drawing coal from a number of private sector collieries which made the problems of ensuring regular supply of coal and its quality complicated. It was, therefore, preferred that the Corporation should have only those washeries which were linked to their own collieries. The Committee have considered this matter. They feel that from the point of view of greater efficiency and economy, technical know-how, research etc. it would be advantageous if all the washeries were run by one organisation. They, therefore, recommend that the Ministries concerned may examine the matter whether all the washeries in the public sector may be put under one organisation.

#### D. Foreign Collaboration

75. With a view to fulfil its programme of raising an additional production of 18.5 million tons of coal in the Third Plan, which called for setting up of several new mines in virgin areas in comparatively short time, the Corporation has secured technical collaboration from other countries such as Poland, USSR, U.S.A., U.K., West Ger-

many and France in the establishment of new mines, washeries, workshop etc. as under:—

1	2	3	Broad assignments under the agreements entered into by the Corporation with collaborators so far	Remarks
			4	5
<p>1. With CEKOP Mining Organisation (Poland).  (Under Economic Cooperation Agreement dt. 7-5-60 between the Govts of India &amp; Polish People's Republic)</p>	<p>A deep Mine &amp; a Washery at Sudamdih &amp; a Washery at Gidi.</p>	<p>(a) Preparation of project reports &amp; working drawings.  (b) Supply of machinery, equipment &amp; spare parts and erection thereof.  (c) Technical Co-operation in sinking of two vertical shafts at Sudamdih.</p>	<p>(a) Cost about Rs. 60.76 lakhs. Besides, involves deputation of technicians from and to Poland to settle specifications etc.  (b) Cost about Rs. 38.12 lakhs.  (c) Involves deputation of 89 polish experts &amp; meeting their all expenses. Total expenditure on pay alone amounts to about Rs. 49.93 lakhs.</p>	
<p>2. With Tiazprom-export Organisation (USSR) (Under Economic Co-operation Agreements dt. 9-11-57 &amp; 21-11-61 between the Govts. of India &amp; the U.S.S.R.)</p>	<p>Two incline Mines (Banki &amp; Surakachhar), an open cast mine (Manikpur) a central workshop and a washery at Korba &amp; a washery at Kathara.</p>	<p>(a) Preparation of project reports &amp; working drawings.</p>	<p>(a) Cost about Rs. 71.38 lakhs. Besides, involves deputation of Russian experts to India and Corpsns' Officers to Russia to settle specifications etc.</p>	

1	2	3	4	5
			(b) Supply of machinery & equipment & supervise installation thereof.	(b) Involves deputation of 14 Russian experts to supervise installation of machinery & meeting all expenses in connection therewith.
3.	With Pierce Management Corporation. USA (under TCM aid)	An open cast mine & a washery at Ramgarh.	Preparation of project reports.	
4.	With National Coal Board, U.K. (under Colombo Plan Tech. Co-operation Scheme).	Two deep mines at Jarangdih & Sawang.	Do.	
5.	With Charbonnages-de-France, France (under Indo-French Tech. Co-op. Agreement).	Development of steeply inclined thick seams in Karanpura.	Preparation of project report.	
6.	With West German Government.		Landing of experts to advise on Workshop practice and on Coal preparation plants.	



76. It will be seen that apart from the procurement of machinery, equipment and their erection, foreign collaboration has been sought by the Corporation for the preparation of project reports, designs and working drawings also. It was stated in evidence that except for sinking of deep shafts and washeries where they required some foreign technical assistance, the Corporation possessed the necessary know-how for ordinary open cast mines, incline mines and workshops. In regard to washeries, Director of the Central Fuel Research Institute who is the consultant to the Corporation stated that the C.F.R.I. had developed the methods of designing washeries also.

Entire work relating to a project entrusted to collaborators.

77. It was explained that agreements for the preparation of project reports, designs and drawings for the various projects had to be entered into with foreign collaborators because they insisted on doing all these things and had made it a condition of their loan/aid. The representative of the Ministry further stated that the foreign collaborators insisted on doing everything themselves from the beginning because they were responsible not only for the performance of plant and production but also for the achievement of the production targets. In this connection it was stated that the Corporation could prepare projects reports and working drawings, etc. in the case of Banki and Surakachhar incline mines; Manikpur and Ramgarh open cast mines and Central Workshop at Korba. In the cases of Korba Workshop and Kathara washery, they had offered to prepare project reports but the Russians insisted on preparing the same themselves.

78. *The existing practice under which the entire work relating to a project, including the preparation of project reports, working drawings, designs, etc. is done by the foreign collaborators, even though the Corporation has the necessary technical know-how to do it, has many drawbacks. First, our own engineers would not be trained in these complex and difficult tasks, and gain the necessary confidence which comes from practical experience. Secondly it entails considerable avoidable expenditure of foreign exchange on the preparation of project reports, etc. as well as on deputation of technicians from and to the collaborating countries to settle details of specifications. The cost of project reports and working drawings of incline/open cast mines, workshop and washeries contracted to the Polish and Russian Collaborators which could have been prepared by the Corporation works out to about Rs. 1.30 crores. The Committee also feel that at present no attempt is made to take advantage of the technical knowledge and experience which may be available within the country in the development of similar projects. They, therefore, recommend that the Corporation should first prepare project reports, etc. in respect of all its projects for which it has requisite technical competence and thereafter seek necessary technical foreign collaboration in respect of only those specialised*

Committee's recommendation.

and specific items for which there is lack of technical know-how in the country. They are confident that the foreign collaborators, who are interested in the all round progress of the country, would encourage this process.

79. As various other public undertakings have also sought foreign collaboration, the Committee feel that certain principles which should govern the nature and extent of foreign collaboration in a project should be laid down by Government for observance by all concerned. This is necessary to foster indigenous talent and to discourage the tendency to go in for projects on turnkey basis. In this connection they would also invite attention to para 266 of their 35th Report (Third Lok Sabha) on Heavy Electricals (India) Ltd.

Desirability to reduce the number of foreign technicians.

80. The agreement with CEKOP, Poland for sinking of two vertical shafts at Sudamdih provides for deputation of as many as 89 Polish technicians for a period extending from 10 months to 2 years 9 months. All expenses on their salary, boarding, lodging, travelling, medical etc. are to be borne by the Corporation. The expenditure on this account which includes construction of a hostel for them is estimated at Rs. 1 crore, i.e. about 5.6 per cent of the total capital cost of Rs. 18.01 crores on the project.

81. It was stated that the Polish collaborators considered it necessary to depute all these persons for sinking the first shaft and that for the second shaft, the number was likely to be reduced considerably. The Committee hope that this will be done. It is also desirable if the number of foreign technicians is kept to the minimum and a ceiling on the expenditure relating to them is fixed and incorporated in the Agreements.

Need to avoid delays.

82. The Corporation entered into agreements with Tiazprom-export, USSR in December, 1957 for preparation of project reports in respect of a central workshop, and two incline and one open cast mines at Korba. Project report for the Workshop was received in December, 1959 and for the mines in November, 1960. These were approved by the Corporation in the middle of 1961 and 1962 respectively. Thus it took about 4 to 5 years after signing of agreements for the approval of project reports. This was explained to be due to delays in the deputation of specialists by the Russians, collection of geological and other data to their satisfaction and revision of estimates and reports, etc. It was stated by the Managing Director that the procedure in this regard which entailed teams of specialists coming from and going to the sponsoring country to settle details of specifications, etc. was dilatory. Some changes were stated to have been made recently in this procedure. The Committee suggest that the whole procedure regarding agreements with foreign countries should be examined with a view to simplifying it.

83. The Committee understand that there was no penalty clause in the agreements concluded by the Corporation with various foreign collaborators. The representative of the Ministry admitted the need for such a clause. *The Committee recommend that the matter may be examined and suitable penalty clause included in all the agreements to ensure timely supply of machinery and its proper performance, etc.* **Need for penalty clause in Agreements.**

84. The Committee were informed that all the foreign agreements had been negotiated by the Corporation and that there had been a lot of hard bargaining before the agreements were entered. No general principles suggesting improvements in the foreign agreements had been worked out so far and communicated to the Corporation. The Corporation had however suggested to the Ministry to associate a Government representative in the negotiation of all foreign agreements entered into by Public Undertakings, so that there was uniformity in the terms and conditions and the experience gained in one case might be available to others. **Government machinery needed for vetting agreements.**

85. In this connection the Committee would invite attention to para 22 of their 16th Report (First Lok Sabha) on Organisation and Administration of Nationalised Undertakings wherein they had recommended that a section should be set up, preferably in the Cabinet Secretariat, to scrutinise the agreements with foreign firms and maintain up-to-date detailed information and comparative data on the working of the agreements. While accepting the principle of coordination as 'unexceptionable', Government did not consider it necessary to set up a special section on the ground that all important proposals regarding negotiations for or the execution of agreements with foreign firms were dealt with by a Committee of Economic Secretaries to Government. This recommendation was, therefore, reiterated by the Committee in their 19th Report on Action Taken by Government on the earlier Report of the Committee.

86. *It appears that the agreements which the Corporation has entered into with foreign countries have not been dealt with by the Committee of Economic Secretaries as stated by Government nor has any section been set up by the Government pursuant to the recommendation of the Committee. The Committee are convinced that the setting up of a central section by the Government to deal with all foreign agreements is very essential not only to bring about broad uniformity in their terms and conditions but also to provide a repository of experience for handling the complex and intricate problems in regard to foreign agreements. It would also help to obviate many mistakes and misunderstandings which generally arise in the drafting of such agreements and lead to delays. They, therefore, recommend that Government should set up a special cell for the purpose without any delay.*

## E. Planning

### (i) Planning and Design Organisation

**Present  
Planning  
Department  
not fully  
equipped.**

87. The Corporation has a Planning Department which undertakes preparation of project reports and design work. As stated in para 76, the Department at present is not fully equipped for the planning and designing of deep shaft mines, washeries, etc.

88. During evidence it transpired that no officer of the Corporation had been trained abroad in designing. Further, those who had some experience and training in designing had not been actually put on designing work. No effort had been made to secure the services of any foreign expert in designing under the Colombo Plan, etc. except that recently the services of some German experts were obtained to advise on coal preparation plants. A knowledgeable witness informed the Committee that at present the Corporation did not have a proper planning and design organisation. He felt that the Planning Department chiefly acted as a liaison between the Headquarters of the Corporation on the one side and foreign collaborators on the other.

**Position in  
other coun-  
tries.**

89. The Committee understand that in other countries there are well equipped planning and design organisations for coal mines and washeries. For instance, in Poland this work is undertaken by entirely independent units known as the Design Offices. There are three separate design offices—2 for coal mines and one for washeries. The normal procedure for development of coal mines is for an overall plan to be prepared for the entire area or basin. This Master Plan is intended to de-limit the boundaries of the different collieries proposed to be constructed. in the light of the resources available within the areas. The Master Plan covers the provision of common facilities for all the collieries in an area like water supply, power supply and railway facilities. Thereafter a detailed plan and design of each colliery is prepared by the Design Offices.

**Committee's  
recommendation.**

90. The Committee would recommend that immediate steps should be taken by the Corporation to strengthen its Planning and Design Organisation. They also feel that the preparation of a Master Plan for an area, followed up by detailed plan and design for each colliery, as is done in Poland, would be a scientific and economic method of dealing with the exploitation of coal in this country.

### (ii) Long term plan for coal

91. The Indian Productivity Team in their Report (1961) observed that short term plans of 5 year duration were unsuitable for coal industry and suggested that "Plan for coal should be flexible, for a fifteen year period". The Third Five Year Plan has also stressed that large projects

which take considerable time to yield results should be conceived in terms longer than the usual plan periods and should form part of a scheme of development stretching over longer periods, say 10 to 15 years.

The Committee were informed that a Planning Group on coal had been constituted by the Ministry in October 1962 in connection with the work on long term economic development and the Fourth Plan. This Group had met only once so far and discussed coal requirements in the Fourth Plan but no decisions on tentative targets or the allocation of production for the public and private sectors had been attempted.

92. As it is stated to take generally from five to eight years from the stage of planning a coal mine to its attaining full production, the Committee cannot over-emphasise the need for a long term perspective plan for coal. The Committee, therefore, recommend that the work of the Planning Group on coal should be expedited and a comprehensive blue print of the requirements of coal for the next 10 to 15 years together with the share of the public and private sectors in its production, the development of various coalfields, washeries and of the requirements of machinery and manpower drawn up. They would also suggest that the annual production targets aimed at should be related to the investment, as is the practice in U.K.—a suggestion with which the representative of the Ministry seemed to agree.

Planning Group on Coal.

Need to expedite the work of Planning Group and to prepare a comprehensive blue print.

## IV

### MECHANISATION, PLANT & MACHINERY AND PRODUCTIVITY

#### A. Mechanisation

Extent of mechanisation achieved.

93. To raise large outputs of coal in the allotted time, mechanisation of new mines has been adopted as a policy by the Corporation. While open cast mines were stated to have been almost completely mechanised, in underground mines only coal cutting and some system of haulage depending upon the mining conditions encountered have been mechanised. As regards old mines which are mainly underground, mechanisation has not been resorted to except to the extent of removal of overburden in the case of a few open cast quarries. It was stated during evidence that mechanisation of old mines would mean displacement of labour and large scale unemployment.

Desirability of mechanising the old mines.

94. Out of total production of 8.05 million tons in 1960-61, production from old mines which mostly produce coking coal, was 4.79 million tons. This is expected to go up to about 7 million tons during the Third Plan. *The Committee feel that there is need to modernise old mines also. They are unable to accept the plea of labour displacement or redundancy as a valid one for not resorting to their modernisation. Even after mechanisation, the Corporation's target of coal production in the Third Plan and thereafter, would surely need the present labour force though it might call for some displacement and training of workers in the use of new machinery. The Committee would therefore recommend that the question of mechanisation of old mines to the extent possible may be examined at an early date.*

Need to use equipment to the best possible advantage.

95. *The Committee would also like to point out that mechanisation is not an unmixed blessing and that it loses much of its advantages if large outputs are not consistently maintained. In the past, especially in 1961-62, there have been cases, when on account of transport or other factors, production was deliberately restricted to about half of the capacity—thereby not only losing much of the benefits of mechanisation, but incurring extra expenditure on idle machinery and manpower.*

96. In this connection the following observation of Mr. Longden, a Member of the National Coal Board, U.K., who visited the mines of the Corporation in July, 1960, is pertinent:

"In developing both the new mines and the new quarries the N.C.D.C. has, as a matter of policy, decided to

mechanise operations to the greatest possible extent, and it has spent very large capital sums on acquiring some really first-class equipment. Having adopted this policy it is, in my view, essential that the equipment should be used to the best possible advantage, which means:—

- (i) it must be operated with the minimum of labour and at maximum capacity;
- (ii) the machines must be kept running for the maximum number of hours in the twenty-four;
- (iii) there must be a first-class maintenance service to back up these needs; and
- (iv) there must be transport facilities for getting the coal away from the site with the least possible delay."

97. The Committee would, therefore, caution the Corporation that it should ensure complete and proper co-ordination between the production in the mechanised mines and other relevant factors like transport, power, etc. so that the output is sustained and the equipment and manpower are used to the maximum and the best possible advantage.

### B. Plant and Machinery

98. The table below shows the overall idle capacity of plant, machinery and men in the Corporation during the last four years:—

Year	Production capacity (on the basis of deployment of men and machinery.)	Actual Production	Idle capacity in percentage
	(Lakhs tons)	(Lakhs tons)	
1959-60	57.56*	48.56	15.6%
1960-61	111.31*	80.50	27.7%
1961-62	135.00	60.50	55.1%
1962-63 (first six months).	61.70	36.10	41.5%

\*As given in the Cabinet Sectt. Brochure entitled "Principal Public Sector Undertakings in India 1960-61".

99. It will be seen that in 1959-60 the production capacity on the basis of deployment of men and machinery was 57.56 lakhs tons but actual production was only 48.56 lakhs tons—leaving an idle capacity of 15.6%. The extent of idle capacity in 1960-61 was 27.7 per cent; in 1961-62 it was 55.1 per cent and in the first six months of 1962-63 was 41.5 per cent. The Managing Director explained that this idle capacity was largely due to extraneous factors like transport bottleneck, power shortage, etc.

Expert study suggested.

100. The Committee are greatly concerned at the magnitude of the idle capacity of the machinery and men in the Corporation. It is vital, especially in the present emergency, that the entire resources of labour and material be urgently brought into full use. They would recommend that an expert study into the causes of idle capacity both of men and machines be immediately undertaken and effective measures taken to secure optimum utilisation of the installed capacity. The Managing Director admitted the need for a detailed study with regard to machines and methods of work so as to improve the utilisation of machines, maintenance, etc.

New plant and machinery lying unused.

101. The statement below shows the new plant and machinery, which was procured from abroad for Second Plan projects but remain lying unused:—

Item	No. lying unused	Remarks
1. Coal cutters	21	17 allocated to Third Plan projects, and 4 await adequate power supply in Madhya Pradesh.
2. Gathering Arm type loaders	21	Earmarked for Third Plan projects.
3. Scrapper chain conveyors	154	Do.
4. 30° Conveyors	23	Will be utilised as development of mines progresses. Provision made for full development in terms of project reports.
5. Direct Haulages	7	One released to J & K Minerals, others earmarked for Third Plan projects.
6. Endless Haulages	4	Earmarked for Third Plan projects.
7. 1000 KVA Transformers with control gears	3	Await adequate power supply in Madhya Pradesh.
8. Underground Transformers 250 KVA	53	Some of these have since been commissioned and others await adequate power supply in M.P.
9. Flame proof LT. switchgear	165	Await adequate power supply in M.P.



Item	No. lying unused	Remarks
10. Anderson shearer	1	Was obtained for Korba Mines but due to adverse mining conditions has now been earmarked for Jarangdih.
11. Walkin Draglines	2	These are being assembled for Bistrampur Colliery which was a Second Plan project but put off to Third Plan due to delay in linking with Railway line. Cost of these machines is Rs. 1.64 crores.

102. It will be seen that a large quantity of plant and machinery which was imported for Second Plan projects had not been put to use immediately. Most of it is now earmarked for Third Plan projects which are expected to go into production by the end of the Plan period. It was explained that new machinery was idle on account of (i) enforced reduction in production and (ii) mining operations having not materialised as anticipated which was stated to be responsible for long term idleness. Besides, there were also some advance purchases in excess of requirements of the Second Plan projects. The Committee feel that adequate caution had not been exercised in indenting for the machinery. They hope that no time would be lost in commissioning all the plant and machinery.

Need to commission new plant and machinery without delay.

103. Table below shows the value of plant and machinery procured by the Corporation from abroad and indigenous sources during the Second Plan period:—

Bulk of the machinery obtained from abroad.

(Rs. in crore)			
From abroad (1)	From indigenous (2)	(3)	(1) to (3)
21.58	2.66	24.24	89%

104. Thus out of the total purchases of plant and machinery valued at Rs. 24.24 crores, machinery worth Rs. 21.58 crores has been obtained from abroad, i.e. 89% and only 11% of the requirements have been met from indigenous sources. In the Third Plan the Corporation's requirements for plant and machinery are likely to be about three times more than in the Second Plan.

**Position  
regarding  
indigenous  
manufacture  
of machinery.**

105. A coal mining machinery manufacturing plant is being set up at Durgapur by the Heavy Engineering Corporation with a capacity of 45,000 tons of various types of machinery, including that for washeries and it is expected to go into production by 1965. The question of setting up another plant with a capacity of 35,000 tons of mining machinery per annum was stated to be under consideration of the Government so as to achieve self-sufficiency in this respect.

**Committee's  
suggestion .**

106. To reduce dependence on imports and save the much needed foreign exchange, there is an urgent need to establish expeditiously indigenous production of mining machinery including machinery for washeries. In this connection it is noteworthy that foreign countries have made great strides in building up this industry. For instance, in Poland the production of mining machinery during 1961 was about 1,50,000 tons, out of which machinery worth 60 million dollars was exported. The Committee hope that decision to set up the second machinery manufacturing plant will be expedited and effective steps taken to commission both the plants as early as possible. They would also suggest that Government might conduct a survey of the existing capacity for manufacture of engineering equipment in the country so that machinery, equipment and spare parts which could be indigenously produced may not be imported from abroad.

**Standardisa-  
tion.**

107. The need for standardisation of mining equipment is well recognised. The Indian Productivity Team in their Report (1961) observed that a Standards Committee had been set up by the Indian Standards Institution for evolving standards for coal mining industry and recommended that the work be expedited.

108. The representative of the Ministry stated that the Durgapur plant would be manufacturing equipment according to certain standards and that as and when self-sufficiency was achieved in mining machinery, they would be able to standardise the various items of equipment. At present the difficulty was that most of the equipment was tied up with foreign aid from various countries and purchases could not be restricted to one source only. The Committee suggest that in view of the obvious advantages to be gained from the point of view of maintenance and spare parts, efforts should continue to be made to achieve standardisation of mining equipment to the maximum extent possible.

### **C. Productivity**

109. The following statement shows the average Output Per Man Shift (O.M.S.) in the collieries of the Corporation

also the position in Corporation's O.M.S. compared with National O.M.S. and of other countries.

(average OMS in Metric tonnes)

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(Foreign countries)

Year	NCDC* National	USA**	West Germany	U.K.	France	Netherlands	Belgium
1960	0.62	11.32	1.61	1.42	1.22	1.14	1.02
1961	0.49	..	1.73	1.47	1.26	1.31	1.09

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110. It will be seen that the Corporation's average O.M.S. went down from 0.62 metric tonnes in 1960 to 0.49 metric tonnes in 1961. Their O.M.S. is better than the National O.M.S. but compared with foreign countries it is very much less.

111. The decline in the Corporation's O.M.S. in 1961 was ascribed to restricted production in that year. It was also stated that in their mechanised mines they had not been able to work to the full extent. The Managing Director said that 'permit us to produce to our maximum capacity and then judge us'. *The Committee feel that the present O.M.S. in the Corporation's collieries is low considering the capacity of the very expensive equipment installed. They hope that every effort will be made by the Corporation to improve the O.M.S. to approximate to the standards obtaining in foreign countries.*

Need to improve O.M.S.

112. The Third Plan has advocated the introduction of wage incentives on the largest possible scale in Public enterprises for the mutual benefit of the workers and the industry, as it plays an important part in raising labour productivity, reducing costs and improving quality.

Wage Incentive Scheme.

113. The Committee were informed that to evolve 'norms' of production on the basis of which incentive schemes could be introduced, M/S IBCON were called upon to undertake Time and Motion studies in the three collieries of the Corporation situated in the Karanpura coalfields and they submitted their Report in 1961-62. Since then the work had been taken up independently by the officers of the Corporation's Industrial Engineering Department, who had also completed study of two more collieries in the Karanpura area. On the basis of these studies, a wage incentive scheme for Karanpura group of collieries was

\*NCDC's O.M.S. relate to the Financial Years 1960-61 and 1961-62.

\*\*USA's O.M.S. relate to the year 1958. It is stated that in USA the average OMS has gone up from 6.42 tons in 1947 to 11.32 tons in 1958. Many mines have achieved 50 tons and are now aiming at 100 tons.

stated to have been prepared. *The Committee hope that suitable wage incentive schemes would be introduced by the Corporation not only in the Karanpura area but also in other collieries of the Corporation which would naturally lead to an increase in output per manshift and reduction in costs.*

**Desirability of providing some refreshment to underground worker .**

114. The Committee understand that workers remained underground continuously for eight hours without any food. The Managing Director agreed that it would improve efficiency if the workers were provided some light refreshments at a certain interval and undertook to try the same. *The Committee feel that it would be desirable if arrangements are made for providing some refreshments, beverages, etc. during certain fixed periods to the miners working underground. They would, therefore, recommend that the matter may be examined by the management. In this connection the Committee would also invite attention to para 4 of their 26th Report (Third Lok Sabha) on Action Taken by Government on the 84th and 90th Reports on Ministry of Labour and Employment.*

## WORKSHOP, COKE-OVEN PLANT AND PRINTING PRESS

### A. Central Workshop, Barkakana

115. For undertaking heavy maintenance work such as major repairs and overhaul of engines and other machinery, as well as for manufacture of spare parts and fabrication of steel structurals, the Corporation established a Central Workshop at Barkakana at a total cost of Rs. 107 lakhs. Most of the equipment for the workshop was purchased from U.S. Defence surplus and was stated to be in good condition.

116. The table below shows the estimated and actual value of output of the workshop in 1961-62 and estimate for the current year:—

Items of work	(In lakhs of Rs.)		
	1961-62		1962-63
	Estimate	Actual	Estimate
(i) Manufacture of spare parts . . . . .	25	8.88	} 25
(ii) Steel structure fabrication . . . . .	15	8	
(iii) Retreading of tyres . . . . .	2	1	4
(iv) Major repairs and overhauls . . . . .	10	8	25
<b>TOTAL</b> . . . . .	<b>52</b>	<b>25.88</b>	<b>54</b>

Thus, against the total estimated output of Rs. 52 lakhs in 1961-62, the actual output in the Workshop was only Rs. 25.88 lakhs. It was explained that the shortfall was due to delay in supply of power and shortage of skilled workers, etc.

117. The Committee consider that the output of the workshop which was 50 per cent. of the estimate in 1961-62 was very low. Compared to investment the turnover was not even one-fourth as against the norm of 1 : 1. Considering that the imports of spare parts by the Corporation in 1961-62 alone amounted to Rs. 81.40 lakhs, it is very necessary that the output of the workshop should be stepped up considerably so as to reduce dependence on imports. The Committee recommend that urgent steps should be taken in this direction.

Staff strength.

118. The present staff strength of the workshop is as follows:—

Category	Strength
(i) Skilled workers . . . . .	291
(ii) Semi-skilled workers . . . . .	154
(iii) Unskilled workers . . . . .	154
(iv) Ministerial and others . . . . .	85
TOTAL	8

Thus of the total number of 599 workers, there are 291 skilled, 154 semi-skilled and 154 unskilled workers.

Position in other countries.

119. The Committee understand that in similar workshops in foreign countries, where even Railway wagons owned by the Collieries were being serviced and repaired, the number of workers employed was less than 1/3rd of the number employed in the Barkakana Workshop.

Need to do away with the system of providing helpers to skilled workers.

120. The high strength of staff in this workshop was mainly attributed to the fact that every skilled worker wanted a helpmate for carrying tools, etc. *The Committee consider the system of providing helpers to the skilled workers as an antiquated one and not at all suited to the present day industrialised society. They regret that such a system was at all allowed to grow in the public undertakings and recommend that immediate steps should be taken to do away with it. The Managing Director admitted that this malady had to be remedied.*

#### B. Coke Oven Plant, Giridih

Production declining from year to year.

121. A statement showing the production figures of coke and bye-products of the coke oven plant of the Corporation at Giridih, the amount of annual sales and recurring expenditure for the last three years is given below:—

	1959-60	1960-61	1961-62
<b>1. Production</b>			
(a) Hard coke (in tons) . . . . .	28,240	22,618	24,147
(b) Soft coke (in tons) . . . . .	6,137	3,856	3,315
(c) Coke breeze (in tons) . . . . .	3,209	1,788	268
(d) Coal tar (in tons) . . . . .	1,011	785	865
(e) Benzol (gallons) . . . . .	3,220	Nil	Nil
(f) Solvent Naptha (gallons) . . . . .	64	Nil	Nil
<b>2. Sales (Rs. in lakhs) . . . . .</b>	<b>15.15</b>	<b>13.11</b>	<b>13.46</b>
<b>3. Annual recurring expenditure (Rs. in lakhs) . . . . .</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>

122. It will be seen that the production of hard and soft coke at the Plant has been declining from year to year. As regards bye-products, not only has the production of coke breeze and coal tar considerably gone down during the last three years but there have been no production of benzol and solvent naphtha in the last two years. On the other hand, the annual recurring expenditure has continued at the same level and has exceeded the sales by about Rs. 5 to 7 lakhs every year.

123. It was stated that the plant was set up about 30 years ago. Difficulty was also stated to have been experienced in selling the coke breeze. The Managing Director agreed that there was no reason why the plant should continue to suffer losses and stated that they had already asked an expert of the Hindustan Steel Ltd. to undertake complete review thereof. The Committee hope that the proposed review will be undertaken without any delay and the working of the plant will be placed on a sound economic footing.

Urgent review of working of the plant needed.

### C. Printing Press

124. The Corporation has set up a full-fledged printing press of its own at a capital cost of Rs. 2.40 lakhs (inclusive of the cost of building) which started functioning in September, 1960. The Press was stated to have been working to its full capacity and the actual turnover during 1961-62 was of the order of Rs. 3 lakhs. As to the reasons for setting up the press, it was stated that the printing of the Corporation's work in the private presses was unsatisfactory and expensive.

125. The Committee learn that other public undertakings at Ranchi, viz., the Hindustan Steel Ltd. and the Heavy Engineering Corporation do not have any press of their own and that the Corporation was not undertaking their printing work as a regular feature. The Committee consider that it would be economical and profitable to pool the printing requirements of various public undertakings located at Ranchi and to set up a common press for all of them. They recommend that the matter may be examined by Government which the representative of the Ministry undertook to do.

Desirability of pooling printing requirements of Public undertakings at Ranchi.

VI

TRANSPORT AND POWER

A. Transport:

Wagons supply and pithead stocks position.

126. The annual requirements for railway wagons placed by the Corporation on the Railways and the extent to which the same were met as also the pithead stock during each of the last three years are given below, area-wise:—

Coalfield areas	1959-60 (Wagons in lakhs)			Pithead stocks (lakhs tons)	1960-61 (Wagons in lakhs)		
	Inden- ted	Allot- ted	Supplied		Inden- ted	Allot- ted	Supplied
Bihar	1.12	0.94	0.90	2.62	2.55	1.78	1.54
Madhya Pradesh	0.34	0.3	0.31	0.61	0.68	0.46	0.45
Orissa	0.13	0.12	0.12	0.03	0.18	0.16	0.15
<b>TOTAL</b>	<b>1.59</b>	<b>1.38</b>	<b>1.33</b>	<b>3.26</b>	<b>3.41</b>	<b>2.40</b>	<b>2.14</b>

Coalfield areas	Pithead stocks (lakhs tons)	1961-62 (Wagons in lakhs)			Pithead stocks (lakhs tons)
		Inden- ted	Allot- ted	Supplied	
Bihar	12.69	2.84	1.79	1.56	4.56
Madhya Pradesh	3.65	0.30	0.22	0.21	1.44
Orissa	0.42	0.25	0.23	0.23	0.10
<b>TOTAL</b>	<b>16.76</b>	<b>3.39</b>	<b>2.24</b>	<b>2.00</b>	<b>6.10</b>



127. It will be seen that the wagons allotted to the Corporation were less than the indented and those actually supplied were even less than the allotted. The pithead stocks rose from 0.3 million tons in 1959-60 to 1.7 million tons in 1960-61 and were 0.6 million tons at the end of 1961-62. One of the factors responsible for accumulation of abnormal pithead stocks especially in 1960-61 was the decision of the management to raise coal to the capacity target in the last quarter of 1960-61, which has been discussed in para 23. The other was that the wagons supply had not been equal to the requirements. This has mainly been the case in Bihar especially Karanpura area. In this connection there had been some controversy between the Railway authorities and the Corporation. While the Railways placed the responsibility for transport bottleneck on the Corporation on the ground that the original targets were revised upward despite their pleading inability to lift the coal, the latter contended that the Ministry and the Railways had always been kept informed of changes in the field-wise targets, etc.

128. The Committee were informed that with the special efforts of the Ministry of Economic and Defence Co-ordination, the position had considerably improved now. The pithead stocks had been largely cleared and it was also now the policy of the Corporation to restrict production to keep pace with the offtake. The representative of the Ministry also assured the Committee that whatever might have happened in the Second Plan, the coal programme in the Third Plan had been completely integrated with transport and that the Railways had undertaken to supply the required number of wagons.

129. *The Committee are of the view that the transport bottleneck in the Second Plan arose primarily due to lack of co-ordination at different levels. The Corporation did not plan its programme of coal production having regard to the capacity of the Railways to lift it. It was possible for collieries to produce more coal at short notice but unless it could be moved speedily from the pitheads, the problem of accumulation of stocks, resulting in locking up of capital, possibilities of fires, pilferage etc. was apparent. The Committee hope that there would be no lack of co-ordination in regard to transport in the Third Plan and sustained efforts would be made by all concerned to remove in time difficulties, if any.* Committee's  
Observation.

130. The demurrage paid by the Corporation to Railways for detention of wagons on their account, during the last two years, amounted to Rs. 11.18 lakhs. It was stated that loading of wagons on any particular day depended on factors like availability of wagons at a particular time, availability of labour, production according to schedule etc. Since these factors did not synchronise, it led to detention. Need to  
avoid de-  
tention of  
wagons.

It was also stated that with the introduction of mechanised loading and provision of coal bunkers, it would be possible to reduce the incidence of detention. The Committee feel that the detention of wagons may have aggravated the transport difficulties and accumulations at pitheads in the past. It is essential that quick turnover of wagons be ensured. They recommend that immediate steps may be taken by the Corporation to secure quick loading of wagons at the collieries.

Need to expediate provision of siding facilities.

131. The Committee noted that during the Second Plan, siding facilities had been provided in certain new collieries long after their going into production. For instance, while production in the Korea colliery started in 1959-60, railway siding was provided in February, 1962 i.e. two years after the colliery went into production. In the cases of Gidi 'A' and Korba collieries, siding had been provided after about one year of their going into production and in South Balanda after three years. Likewise, siding facilities in new collieries being developed in the Third Plan are expected after about one to two years of the commencement of production. Pending construction of sidings, despatches of coal were stated to be made either by providing temporary siding or through adjoining collieries, etc.

132. The time-lag in the provision of siding facilities was mainly attributed to delay in deciding upon the exact location of a mine i.e. the pithead, which depended on the finalisation of the project report. The Managing Director felt that this time-lag was inherent in the present planning under which they had to develop a new colliery within two years and that it could not be stopped entirely. He, however, agreed that the construction of the colliery and the railway siding should go on simultaneously. The Committee consider that it should be possible to reduce the present time-lag to the minimum, if not altogether eliminate it, by expediting prospecting work and the preparation of project reports. They hope that the Corporation would take suitable steps to this end.

#### B. Power Supply

Power shortage experienced in Madhya Pradesh only.

133. The Committee were informed that the Corporation had not so far experienced any power shortage in the Bihar and Orissa Coal-fields and that they were assured of power supply to meet their additional requirements of the Third Plan projects in those States. Similarly no difficulty was anticipated in Maharashtra also. In Madhya Pradesh, however, power shortage was stated to have been experienced especially in the following cases:—

(i) *Kurasia Colliery*: The Madhya Pradesh Electricity Board was stated to have been asked to arrange power supply, to the Kurasia Colliery in 1958 but they could do so in 1962 i.e. after four years. In the meantime, the power

requirements of the colliery were being met by installing diesel generating sets on a temporary basis. The delay was ascribed to the time-lag in laying transmission line by the Board from Korba thermal power station to the colliery on account of non-availability of steel, delay in getting import licence for conductors, insulators etc.

(ii) *Singrauli Colliery*: Power for this colliery, which is the second largest project of the Corporation in the Third Plan, and is expected to start production in October, 1963, is to be supplied from the Rihand Power House. There has been some delay in settling the question of providing transmission lines. The present decision is that the U.P. Government would lay the transmission line upto the Madhya Pradesh border and thereafter the transmission line upto the colliery would be laid by the Madhya Pradesh Electricity Board. This decision has not yet been implemented. It was stated that the Ministry was pursuing the matter with both the State Governments. In the meantime, development work was stated to have been started by installing generating sets.

134. In regard to other new projects in the Madhya Pradesh, it was stated that no power shortage was anticipated if the generation of additional power from Korba and Amarkantak thermal stations as well as the laying of transmission lines to the projects proceeded according to schedule.

135. *It is evident that supply of power is of vital importance for the Corporation to implement its production and development programmes properly. Any delay in its supply not only retards the progress of work but also results in avoidable expenditure by way of installing generating sets, rendering idle the rated capacity, etc. The Committee trust that the Ministry would take steps to ensure that the work of laying transmission lines by the State Electricity Boards especially the Madhya Pradesh Electricity Board to the projects of the Corporation is completed in time and that there would be no hold up in their progress for want of power supply.*

Committee'  
Recommendation.

## VII ORGANISATION AND ADMINISTRATION

### A. Board of Directors

136. The Management of the Corporation vests in a Board of Directors all of whom are appointed by the President. At present the Board consists of the following eight\* Directors including the Chairman and Managing Director.

*Chairman*—Shri Ujjal Singh (non-official)

*Directors:*

1. Shri A. B. Guha, Coal Mining Adviser, Ministry of Mines & Fuel.
2. Shri Chhedi Lal, Joint Secretary, Ministry of Mines & Fuel.
3. Shri Akhtar Zaman,\* Joint Secretary, Ministry of Finance.
4. Shri Kripal Singh (Member Transportation), Railway Board.
5. Shri N. N. Wanchoo,\* Secretary, Ministry of Steel and Heavy Industries.
6. Shri Kanti Mehta—non-official.
7. Shri R. C. Dutt, Managing Director.

*Chairman.*

137. The Chairman of the Corporation is a part-time non-official. Besides presiding over the meetings of the Board, he has no specific functions or responsibilities assigned to him. Under Article 83 of the Articles of Association of the Corporation, however, he can reserve any proposals or decisions of the Board for the decision of the Government. Since his appointment in September 1959 the present Chairman had no occasion to exercise this power.

138. Explaining the reasons for having a part-time Chairman, it was stated that two different patterns were followed in Government undertakings—one to have a whole-time Chairman and the other a part-time Chairman who rendered general counsel and advice at Board meetings. In the latter case the executive responsibility was vested in a whole-time Managing Director. In the N.C.D.C. they had followed the second pattern.

*Combining  
of the posts  
of the  
Chairman  
Managing  
Director  
suggested.*

139. *A Committee which considered the question of Parliamentary supervision over State Undertakings has*

\*At the time of factual verification, it was stated that—

- (i) Shri J. M. Shrinagesh has been appointed Director w.e.f. 28-9-62 vice Shri N. N. Wanchoo;
- (ii) Shri P. Govindan Nair has been appointed Director w.e.f. 13-3-63 vice Shri A. Zaman; and
- (iii) Shri Nargundkar of Singareni Collieries Co. has also been appointed as Director w.e.f. 4-12-62.

opined that "the Managing Director and/or Chairman is the Head of a Board of Directors who should, except in the case of very small concerns, all be full-time persons. . . . . A Chairman who has only the trappings of authority is not of much functional value. If he has authority he must also have full responsibility." The Committee consider that there are no special advantages in having a part-time Chairman. During evidence the Managing Director as well as the Secretary of the Ministry agreed that the posts of the Chairman and the Managing Director could be combined. In fact, in the case of another mining enterprise viz. Neyveli Lignite Corporation and the Indian Oil Company under the same Ministry the two offices once separate have been combined. The Committee would therefore recommend that the posts of the Chairman and the Managing Director of the Corporation should be combined and the Chairman should be the Chief Executive.\*

140. The Board of Directors of the Corporation consists of two non-officials, including the Chairman and five officials, excluding the Managing Director. Of the five official Directors two are representatives of the Ministry of Mines and Fuel and one each of the Ministries of Finance, Steel and Heavy Industries, and Railways. Barring one Director i.e. the Coal Mining Adviser to the Ministry, no other Director appears to have any experience of the coal industry. Present composition of the Board.

141. It was explained that the main criterion for appointment of Directors was their suitability to serve the best interests of the Corporation, by their special knowledge and experience or by their association with such Ministries of Government of India as had a vital interest in or were intimately connected with the implementation of the Corporation's projects. The normal work of three official Directors viz. the two from the Ministry of Mines and Fuel and one from the Finance Ministry was stated to be largely connected with the Corporation. As regards the other two i.e. the representatives of the Ministries of Steel and Heavy Industries and the Railways, it was stated that their presence on the Board was necessary to maintain close liaison with it as they were the principal customers of the Corporation. Besides, the Railways were also its carriers. Criterion for appointment of Directors.

142. It is of interest to note that in the National Coal Board, U.K. there is no Government official on the Board. The Chairman and Members of that Board, as also of other nationalised industries, are appointed by the Minister from amongst persons "appearing to him to be qualified as having had experience of and having shown capacity for in- Position in U. K.

\*At the time of factual verification, it was stated that Shri R. C. Dutt has taken over the Chairmanship of the Corporation w.e.f. 7-3-1963. Shri Ujjal Singh continues to be on the Board as a Director.

dustrial, commercial or financial matters, applied science, administration or organisation”.

View of the  
Minister.

143. While replying to the debate in the Lok Sabha on the Annual Report of the Corporation for the year 1957-58, the then Minister of Steel, Mines and Fuel referring to the U.K. practice said as follows on the 13th August, 1959:

“The general principle is acceptable, but it is not always possible to find technical people to man the Directorate. But effort in that direction is always continuing. So far as the principle is concerned, as I said, it is unexceptionable. The only difficulty is a real one of finding appropriate men from these technical fields who could be put in these positions.”

Regarding membership of the Board the Committee which considered the question of Parliamentary Supervision over State Undertakings suggested that:

“.....the Board should consist of a Chairman, the Managing Director (if there is one), some one who is financial expert, not drawn from outside the Company, one or more of the senior executives, the Chief Production executive, a representative, wherever possible, of labour and often, one of the staff.”

Committee's  
recommendation.

144. During evidence the Secretary of the Ministry agreed to the need for appointing suitable technically experienced persons on the Board but stated that no attempt had so far been made to select such persons either from the private sector or from the ranks of the Corporation.

*While there may be some justification for having representatives of the Administrative and Finance Ministries on the Boards of Public Undertakings, the present practice of appointing representatives of other Ministries thereon is not sound. Such representatives very often have neither the requisite experience nor the time necessary to direct the affairs of the undertaking. For instance, the Committee observed that the representative of the Railways attended only 17 out of 33 meetings held during the last 3 years. During the year 1959-60 he attended only 4 out of 13 meetings. The Committee, therefore, recommend that the Board of Directors of the Corporation may be broad-based by appointing suitable technically qualified persons. In this connection the Secretary of the Ministry agreed that the Director of Central Fuel Research Institute could usefully be appointed on the Board of the Corporation.*

Need to define qualifications of Members of Boards.

145. In para 30 of their 33rd Report (1958-59) on Hindustan Steel Ltd., the Estimates Committee recommended that Government should define in broad terms the qualifications of the Chairman and Members of the Board of Directors of industrial undertakings in the public sector on lines similar to those prescribed in the statutes of nationalised industries in U.K. In reply, Government stated in

September 1960 that the recommendation was under consideration. No decision appears to have been taken so far in the matter. *The Committee consider that a decision in the matter is long over due. They reiterate the recommendation and trust that Government would soon define the qualifications of the Chairman and Members of the Boards of public undertakings keeping in view the tasks to be performed and the requirements therefor.*

146. As already stated, the management of the Corporation vests in the Board of Directors. To attend to the day-to-day administration there is a Managing Director, who exercises such powers and duties as are specifically delegated to him by the Board.

Present functions of the Board.

147. The field and extent of responsibilities of the Board in relation to the management of affairs of the Corporation are general. The important resolutions passed by the Board during the last 3 years on production, transport, planning etc. are summarised at Appendix I. *It will be seen that generally the Board has endorsed the proposals made or the decisions taken by the Managing Director. In fact, it transpired during evidence that mainly project reports prepared by the technical officers of the Corporation were discussed at the Board meetings and in rare cases changes were made therein at the Board level.*

148. The permanent tasks which should demand constant attention from a Board have been defined by the Advisory Committee (1955) on organisation of National Coal Board, U.K. (Fleck Committee Report) in the following words:—

Tasks which should demand constant attention from a Board.

"It is the Board's task to secure uniformly good management for the various units for which they have become responsible. They must secure efficient capital development and the replacement of capacity. They must see that the benefits of large-scale organisation are reaped throughout the whole undertaking. For example, they must have a policy for standardisation, must arrange the pooling of facilities for research and development, and must see that the best accounting and costing techniques are everywhere adopted. The Board must also establish for management new standards of performance since in a big undertaking, however, much its products compete with those of others, financial profits and losses are not by themselves a sufficiently delicate instrument for measuring the success of particular units. Last, but perhaps most important of all, the Board must establish confidence, loyalty and discipline among the management team."

Prof. Dimock, an eminent writer on Public Enterprises, defined the responsibilities of the Board as follows:—

"Sub-policy making; checking the internal budget-

ary programme of the enterprise; studying organisational questions; making strategic executive appointments, controlling financial methods and reporting and conducting public relations."

**Committee's  
recommen-  
dation.**

149. *The Committee have already commented on certain features regarding planning, production, transport arrangements etc. of the Corporation. They consider that the constant exercise of leadership at the highest level is of prime importance for the success of any undertaking. In their opinion, the tasks of the Boards of Public Undertakings should include:—*

- (a) *formulating policy;*
- (b) *co-ordinating and progressing effectively its execution;*
- (c) *evaluating the performance of management;*
- (d) *stimulating developments;*
- (e) *raising the standards of management;*
- (f) *collecting, introducing and disseminating information and new ideas;*
- (g) *establishing common executive and administrative practices; and*
- (h) *ensuring proper accounting and efficient utilization of finances.*

*They would, therefore, recommend that the desirability and necessity of laying down specifically the tasks of the Boards of Directors of public undertakings on somewhat the above lines may be examined by Government.*

**Whole-time  
Directors.**

150. Of the eight Directors (including the Chairman) on the Board of the Corporation, the Managing Director is the only whole-time Director. All others are part-time. In this connection, it is of interest to note that of the nine members of the National Coal Board, U.K., eight (including the Chairman and the Deputy Chairman) are whole-time. Barring the Chairman and the Deputy Chairman, who have no particular port-folios assigned to them, the other six whole-time members are incharge of specific departments.

151. As to the desirability of appointing more full-time Directors, the Managing Director stated that a stage would come after two or three years when it would be necessary to have full-time Directors. The Secretary of the Ministry stated that at present they did not feel the necessity of full-time Directors but if the volume of work justified it, they would certainly appoint more full-time Directors. For the present, the existing system of senior technical officers incharge of various departments, being responsible to the Managing Director was working well and satisfactorily.

**Committee's  
recommen-  
dation.**

152. *The Committee consider that the size of the organisation and the volume of work in the Corporation are expanding rapidly. In the Third Plan it is required to raise about 32 million tons of coal and in the subsequent plans its operations are bound to become large and manifold. It has*



to exploit virgin areas in various States for which vast preparations and advance planning are essential. It is, therefore, desirable that in such a large organisation one or a group of allied activities are made the particular concern of a member of the Board with specified duties, care being taken to avoid duplication and overlapping. Such a functional Board would not only provide collective leadership for the Corporation but would also make the fulfilment of its tasks easier. The Committee, therefore, recommend that the question of appointing more full-time Members on the Board of Directors of the Corporation may now be examined.

153. Section 166, Sub-Section 2 of the Companies Act, 1956 as well as Article 41 of the Articles of Association of the Corporation require that every Annual General Meeting should be held at the registered office of the company i.e. at Ranchi. It is seen that the Sixth Annual General Meeting of the Corporation was held at New Delhi on the 28th September, 1962. In regard to the authority for holding meetings of the Board in places other than the registered office, it was stated, that no authority was required. Thus the provisions of the Companies Act and the Articles of Association in this regard were not complied with.\*

Venue of Annual General meetings of the Board.

154. As regards the ordinary meetings of the Board, there is no provision either in the Companies Act or in the Articles of Association of the Corporation specifying the place where they should be held. It is noted that out of 18 ordinary meetings of the Board held during the last two years, two were held at Calcutta and 16 were held at New Delhi. It was explained that meetings at Calcutta were held once a year at the time of finalisation of the accounts and authentication of the Balance Sheet, as it was convenient for the Auditors, who were stationed at Calcutta to have a detailed discussion with the Directors on such occasions.

Venue of ordinary meetings of the Board.

155. Evidently most of the meetings were held at New Delhi for the convenience of the official Directors, as admitted by the representative of the Ministry. This supports the view of the Committee expressed in para 144 that the official part-time Directors do not have adequate time to devote to the affairs of the Corporation.

Committee's observation.

*Even though the Articles of Association are silent on the matter of venue for ordinary meetings, the Committee consider it desirable that normally they should be held at the Registered Office itself where the full assistance of the Secretariat of the undertaking will be readily available. Meetings at places outside the Registered office should be*

\*At the time of factual verification, it was stated that in pursuance of the proviso to Section 166 of the Companies Act, 1956, the Central Govt. accorded permission to the Corporation to hold its annual general meeting at New Delhi on 28-9-62.

*held only in exceptional circumstances. Otherwise if the meetings are held in Delhi not only will such Secretarial assistance not be available but there will be other engagements for the members of the Board which may not make for calm and undivided attention being paid for the subjects under discussion.*

**Committees of the Board.** 156. Article 84 of the Articles of Association of the Corporation contemplates the appointment of Committees of the Board. A Standing Sub-Committee of the Board was appointed in May, 1957 to scrutinise tenders and project reports but it was discontinued in October, 1959 as two of its three members were stationed in Delhi and it was easier to hold meetings of the full Board than of the Sub-Committee.

**Position in U. K.** 157. In the National Coal Board, U.K. there are six executive Committees to consider and deal with matters like Personnel, Organisation, Finance, Safety and Health, etc. Names of these Committees together with their terms of reference are given in Appendix II. The membership of these committees consists entirely of Board members. Heads of departments and sometimes other departmental officials also attend meetings of these committees, when the business engages their particular responsibilities. Each of these Committees is empowered to take decisions in the name of the Board and their decisions are reported to the Board.

**Committee's recommendation.** 158. *The Committee consider that after the Board is re-constituted as already suggested it might be advisable to have Committees to deal with matters like personnel, organisation, finance, safety and health etc. to assist the Board in its tasks. The Committee, therefore, recommend that the desirability of setting up such Committees may be examined.*

#### B. Organisational Set-up

**Set up at Headquarters.** 159. At the Headquarters of the Corporation at Ranchi, the Managing Director is assisted by a number of heads of Departments viz. Deputy General Manager, the Financial Controller, Director of Planning, Chief Geologist and Director of Drilling, Director of Production, a Civil Engineer, an Excavating Engineer and an Electrical/Mechanical Engineer, etc.

**Set up at colliery level.** 160. At the Colliery level, the Chief Executive is the Project Officer of the rank either of Deputy Chief Mining Engineer or Deputy Superintendent of Collieries. Finally, each mine in a Colliery is in the charge of a Colliery Manager or an Assistant Colliery Manager, who is directly responsible for production and safety of the mine. The Project Officer, who supervises and co-ordinates the work of the Managers and also acts as an "Agent" under the Mines Act, is assisted by technical officers i.e. Electrical, Mechanical, Excavation and Civil Engineers, an Administrative Officer and ministerial staff.

161. Till March 1961, the Collieries of the Corporation were administered directly from the Headquarters. For the development of new areas there were three Chief Mining Engineers who functioned from the Headquarters. This set-up was the subject of criticism by the various foreign experts who visited the Corporation. Criticism by foreign experts.

Mr. H. A. Longden of the National Coal Board, U. K. observed that "The N.C.D.C. organisation is such that there is undoubtedly a lack of strength and direction at the point of production." He also observed that the Junior Engineers assisting the local agent or Superintendent "are not merely responsible for getting the coal, but are spending much of their time in building houses and roads, getting water and other supplies, and on many other tasks. All these are, tasks which could well be performed by persons other than Mining Engineers who are already so scarce."

Mon. Signard of the Charbonnages-de-France, who also visited the country in July 1960, observed that "The N.C.D.C. organisation... has surprised us by the enunciation of the over-whelming tasks which are incumbent upon the Managing Director. The latter has 15 important personalities under his direct orders. Such an expansion of immediate staff after the Managing Director seems to us a little too restrictive for this high officer, whatever his capacity of work".

162. As a result of the recommendations made by the Managing Director in his Report on his visit to U.K., France and West Germany during September/October 1960, the collieries of the Corporation were, in March 1961, grouped into six regions called Areas. They are:— Organisa-  
tion of  
collieries  
into areas.

1. Karanpura (Bihar).
2. Kargali-Bokaro (Bihar).
3. Giridih (Bihar).
4. Orissa.
5. Korba (Madhya Pradesh).
6. Kurasia—Bisrampur (Madhya Pradesh).

Each Area was placed in the charge of an Area General Manager of the rank of Chief or Joint Chief Mining Engineer and their Offices were located within the Area concerned. They are assisted by representatives of the various Departments functioning at the Headquarters and since 1st October, 1962 have been delegated enhanced administrative and financial powers.

163. This organisation into 'Areas' is on the pattern of the National Coal Board, U.K. There have also been suggestions that the organisational set up of the Corporation should be modelled on the French system. In this connection the following recommendation made by the Indian Productivity Team, which included four officers of the Other suggestions.

Corporation, in their Report (1961) on visit to U.S.A., U.K., France and West Germany is pertinent:—

“The organisational structure adopted by the nationalised French Coal Mining Industry may be followed for the coal mines in the public sector in India. This briefly consists of forming a central policy making body similar to Charbonnages-de-France with autonomous coal mining companies in each region. Formation of regional companies is recommended as some of the coal-fields are situated far apart and the constitution of regional companies would facilitate in exercising effective administrative control which, in turn, would contribute to high productivity”.

164. The Managing Director of the Corporation did not favour the idea of converting Areas into subsidiary corporations on the grounds that it would introduce a certain amount of legal formality and weaken his control. He, however, saw no objection to delegating more powers to the Area General Managers, if desirable. The representative of the Ministry stated that the recommendation of the Indian Productivity Team was still under consideration and that the Government had not yet come to any conclusion in the matter.\*

Committees  
recommen-  
dations.

165. *Evidently there is no uniformity of thinking as to the appropriate organisational pattern for the Corporation. Currently there are two views—one to continue the existing pattern and the other to form subsidiary companies region-wise or State-wise, leaving the central body i.e. the Corporation to concentrate on policy making, planning direction and overall supervision, etc. The Committee are of the view that the devising of a suitable organisational structure for the Corporation is of the highest importance. They consider that the recently formed areas, should be the main and vital management units. In that case the Corporation would be left free to concentrate on planning, direction, coordination and the providing of common services. It would also be worthwhile to examine whether a decentralised and quasi-federal structure on the lines of the French Coal Industry or the British Gas and Electricity Industries would be suitable for the Corporation.*

166. In this connection the Committee note that a detailed review of the organisation and procedure of the National Coal Board, U.K. was conducted by an Advisory

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\*At the time of factual verification, it was stated that in respect of the recommendation of the Indian Productivity Team on the establishment of the subsidiary companies, Government had already decided that it was not desirable to establish subsidiary companies of the Corporation at present.

During evidence the representative of the Ministry, however, stated that “We have not yet come to any conclusion on that recommendation”. It was further stated that “one of our members....is in favour of that recommendation while others are not.....”.

Committee (Fleck Committee) in 1957 and as a result thereof substantial improvements were made in the organisation and procedure of that Board.

167. In view of the divergent views on the organisation pattern for the Corporation expressed by the Managing Director and the Indian Productivity Team in their report, the Committee consider that it is desirable to have the organisational structure and procedure reviewed by a Committee. The Report of this Committee may be laid on the Table of the House. The Managing Director agreed that it would certainly be a good idea if the Government undertook a review of the existing procedure and organisation.

Desirability of forming Consultative Committee's to advise Area General Managers.

168. The Committee understand that there is a Consultative Committee at Korba, Madhya Pradesh, consisting of representatives of the Madhya Pradesh Government, Corporation, Ministries of Mines & Fuel and Finance, to deal with local problems. They feel that it would be useful to set up similar Consultative Committees in other Areas also and they should be charged with some specific responsibilities—a suggestion with which the representative of the Ministry readily agreed. They would, therefore, recommend that suitable Consultative Committees may be appointed in all the areas to assist and advise the Area General Managers in their tasks.

#### C. Liaison Offices

169. The Corporation has two Liaison Offices—one in Delhi and the other in Calcutta. Their present staff strength and recurring annual expenditure are given below:—

Name of Liaison office	Present total staff strength	Annual recurring expenditure 1961-62
		Rs.
(i) Liaison Office, Delhi	16	95,000
(ii) Liaison (Railway) Office, Calcutta.	18	92,000

170. The functions of the Delhi Office are to liaise with various Government Departments and in particular to pursue the cases of the Corporation with the Development Wing, the Controller of Imports and Exports etc. The Office is housed in a private building at a monthly rental of Rs. 1500/-. Of the 12 rooms in the building, 5 rooms are used for office and stores and 7 rooms are utilised as a guest house.

Liaison Office, Delhi.

171. It was explained during evidence that it was necessary to have a Liaison Officer in Delhi to chase the files in various Ministries. As regards the guest house, it was stated that apart from its use by the visiting officers of the Corporation, other Public Undertakings and Government Departments also used it and paid the charges for the same.

172. The Committee understand that the following other Public Undertakings, whose Head Offices are located outside Delhi, have also set up their Liaison offices in Delhi:—

1. Heavy Engineering Corporation Ltd., Ranchi.
2. Hindustan Machine Tools Ltd., Bangalore.
3. Heavy Electricals Ltd., Bhopal.
4. Hindustan Steel Ltd., Ranchi.
5. Hindustan Shipyard, Vizagapatnam.
6. Shipping Corporation of India Ltd., Bombay.
7. Bharat Electronics Ltd., Bangalore.
8. Garden Reach Workshop Ltd., Calcutta.
9. Oil & Natural Gas Commission, Dehra Dun.
10. Hindustan Antibiotics Ltd., Pimpri.
11. Hindustan Photo Films Manufacturing Corporation, Ootacamund.
12. Hindustan Organic Chemicals Ltd., Bombay.

Some of these offices e.g. those of the Heavy Electricals Ltd., O.N.G.C. etc. have also got guest houses. Besides these, there are also a number of other public undertakings\* which have their Head or Branch Offices in Delhi and are maintaining guest houses, hostels etc.

Committee's  
recommendation.

173. The Committee are surprised to note that the public undertakings have to set up their Liaison Offices in Delhi to chase references made to the Ministries/Departments as private parties may be prone to and have to spend considerable amounts on their establishments. It is not too happy a reflection on the working of the Ministries and Government Departments. It would be necessary to streamline Government procedures which delay matters and hamper speedy disposal of work and thus necessitate the setting up of the Liaison Offices.

The Committee recommend that Government may review the need for the various Liaison Offices of the public undertakings in Delhi. The setting up of these various separate offices necessarily involves considerable expenditure. In case it is still found necessary to have such offices, the feasibility of having a common building to accommodate the offices of the undertakings as well as the pooling of guest quarters, staff cars etc. may be examined.

Liaison  
(Railway)  
Office,  
Calcutta.

174. The Office at Calcutta, which is in the charge of a retired General Manager of the Railways, liaises with the Railway authorities and in particular pursues cases for arranging movement of plants and machinery received from abroad, allotment of wagons for movement of material and stores, provision of railway siding facilities in the new collieries etc. Besides the Liaison Office, the Corporation has also its Purchase and Sales Departments located in Calcutta. It was explained during evidence that the

\*Instances are: National Mineral Development Corporation New Delhi, Indian Oil Co. Ltd., Bombay, Indian Refineries Ltd., New Delhi, Fertilizers Corporation of India Ltd., New Delhi.

Calcutta Office was necessary to chase at high level various matters relating to Railways.

*The Committee are not convinced of the need for this office which seems to be meant mainly for ensuring wagons and sidings facilities. These matters could as well be attended to by the Headquarters at Ranchi. They recommend that the matter may be reviewed.*

Committee's  
recommen-  
dat on.

175. The Committee find that there is a general tendency among certain public undertakings to set up their Liaison or Transport Offices at Calcutta for clearance of imported stores or arranging transport, etc. For instance, apart from the Corporation, Indian Refineries Ltd., Indian Oil Co. Ltd., Heavy Electricals Ltd. etc. have also established their liaison or transport offices at Calcutta. Besides, some of the public undertakings are utilising the services of clearing and shipping agents approved by the D.G.S. & D. for clearance of their imported stores from customs etc. The representative of the Ministry ascribed this to the concentration of offices for various controls e.g., Iron and Steel Controller, Joint Controller of Imports and Exports at Calcutta.

Liaison and  
Transport  
Offices of  
various  
Public  
undertakings  
at Calcutta.

176. *The Committee consider that a liaison or transport office of an undertaking at Calcutta is by its very nature temporary and may not be having full time work. There does not seem to be justification for each of the undertakings to have a separate office for doing the same kind of work. When an undertaking has imported all its machinery and gets settled the need for such an office at Calcutta disappears. If there is a common office which can look after such work relating to clearance from customs, transport etc. on behalf of all the public undertakings then that office can have permanency and can specialise also in the particular work. No problem of disbandment of the staff and establishment on closure will arise. There need be no fear that the requirements of any particular undertaking cannot be attended to with sufficient promptness by a common organisation such as above. There are the examples of India Store Department, London, India Supply Mission, Washington and Director General of Supplies & Disposals in India. The Committee would, therefore, recommend that the desirability of setting up a separate agency for dealing with work relating to customs clearance, transportation etc. of all the Public undertakings at Calcutta may be examined by Government—a suggestion which the representative of the Ministry felt was worthy of consideration.*

Setting up  
of a separate  
agency  
suggested.

#### D. Government Control

177. Under Article 73 of the Articles of Association of the Corporation, specific prior approval of the President is necessary in regard to the following:—

Matters re-  
quiring  
specific  
approval of  
Govern-  
ment.

- (i) Authorising works of a capital nature exceeding Rs. 20 lakhs in each case.\*

\*This limit has been raised to Rs. 40 lakhs w.e.f. 1-10-62.

(ii) Appointment of Financial Controller and other officers the maximum of pay scale of which exceeds Rs. 2000/- p.m.\*

178. In regard to (i) above, it was stated that the approval of Government was necessary in all cases involving foreign exchange. It was also stated that there was an understanding that as soon as a project report was approved by the Board, they could go ahead with preliminaries without waiting for the formal approval of the Government.

Time taken in giving Ministry approval.

179. The table below indicates the project reports in respect of new projects involving capital expenditure beyond the financial powers of the Board sent to the Ministry for their approval during the last 3 years, together with dates of submission and dates of Ministry's approval:—

Name of Project	Date of submission to the Ministry	Date of approval of the Ministry	Time taken in giving Ministry's approval
			Days
1. Kathara (Revised)	26-10-59	7-5-60	193
2. South Balanda	30-9-59	16-11-59	47
3. Saunda (Revised)	26-10-59	7-5-60	193
4. Gidi 'A'	26-10-59	7-5-60	193
5. Korea 'I'	4-11-59	5-2-60	92
6. Sayal 'D'	15-7-59	28-9-59	74
7. Kurasia	23-7-59	12-2-60	191
8. Gidi 'C'	7-8-59	28-9-59	52
9. Bistrampur	1-3-60	2-6-60	92
10. Bhurkunda (new)	26-10-59	7-5-60	193
11. Korea (Duman Hill)	18-8-61	31-3-62	224
12. Chalkari	12-10-61	31-3-62	170
13. Jumuna	12-10-61	31-3-62	170
14. Surakachhar	11-8-61	31-3-62	231
15. Banki	11-8-61	31-3-62	231
16. Jarangdih 6' seam	10-8-61	31-3-62	230
17. Umrer	21-12-61	27-8-62	248
18. Jagannath (Revised)	26-6-62	17-9-62	82
19. Scheme of re-organisation of Talcher	13-3-62	16-7-62	124
20. Central Workshop Korba	10-5-62	1-9-62	112
21. Coal Washery at Gidi	11-7-62	4-9-62	54
22. Sonawani	22-8-62	25-2-63	184
23. Water supply for Karanpura	22-8-62	Awaited	Pending for last 7 months
24. Manikpur coal mine opencast	17-7-62	13-11-62	118
25. Banki and Surakachhar sand gathering	22-8-62	Awaited	Pending for last 7 months
26. Sawang (Part I Opencast)	22-8-62	25-2-63	184
27. Singrauli	20/21-9-62	"	154
28. Bijuri	12-9-62	"	163

Average time taken : 154 days.

\*This limit has been raised to Rs. 2250/- w.e.f. 1-10-62.



180. It will be seen that on an average it had taken the Ministry more than five months in giving approval to the project reports submitted by the Corporation. It was explained that all projects reports were examined in detail both from the technical and financial point of view by the Ministry. These had also to be processed through the Expenditure Finance Committee before Government's approval was given. In the Ministry, the Coal Mining Adviser examined the technical aspects of the projects while the financial aspects were checked by the Financial Adviser.

181. On being pointed out that both the Coal Mining Adviser and the Financial Adviser were on the Board of Directors of the Corporation and had thus already scrutinised and approved the project reports, the representative of the Ministry stated that at that stage the representatives on the Board only helped clarify certain ideas and put forth certain points that might have been omitted. In any case, this could not obviate the need for scrutiny by the Ministry where details were gone into in the context of the overall Plan provision and availability of foreign exchange. He, however, admitted that it had taken an unduly long time to accord Government approval to the proposals and that they were trying to curtail the delay. The Financial Adviser agreed that there was no advantage in having the Financial and Technical Advisers on the Board if scrutiny of proposals took such a long time at the Ministry's level thereafter. He felt that if the Board could arrange its affairs in such a way that sufficient time was given to the Financial and Technical Directors to examine the proposals, the delay could be very much curtailed and towards this end certain procedural changes were being contemplated.

182. *The Committee deplore the delays in according Government approval to the project reports submitted by the Corporation. They consider that once the project reports and other proposals had been thoroughly sifted and scrutinised by the Board, it should not entail any delay at the Ministry's end. They, recommend that immediate steps should be taken to streamline the procedure with a view to expedite such matters.*

Committee's  
recommendation.

183. At present the Ministry is kept informed of the progress of the projects, production etc. through monthly reports by the Managing Director. Besides, the Financial Controller also submits his quarterly reports.

Progress  
Reports  
submitted to  
the Ministry.

184. In regard to keeping a watch on (i) the timely completion of projects as scheduled and (ii) actual performance thereafter, the representative of the Ministry stated that so far as (i) above was concerned there were no specific schedules laid down as such. Broad schedules regarding completion of prospecting, preparation of project reports etc. were laid down and were pursued by

U.m. In regard to (ii) above, he stated that it would require a large cell in the Ministry to watch the performance. He, however, admitted that it would be quite feasible and beneficial if suitable proforma were laid down for seeking the requisite information from the undertaking periodically.

Committee's  
recommendation.

185. *The Committee consider that the Ministry should not remain content with just approving the project reports and leaving the undertaking itself to do the rest of it. They feel that there should be a constant review of progress of the projects and an evaluation of their performance. This should be possible by prescribing suitable periodical reports so as to enable the Ministry to watch, the progress and performance with reference to the approved schedules and project reports. The Committee would, therefore, recommend that the desirability of laying down suitable proforma in this regard may be examined by Government.*

Desirability  
of a small  
cell to process  
information.

186. The Third Five Year Plan envisages that the Central Ministries concerned with industrial development should take early steps to organise well equipped technical planning cells to be maintained as permanent nuclei to concentrate on the broader technical and economic aspects of the projects and on the study of different stages of execution and of the various related steps which require co-ordination at the level of policy and administration.

187. So far the Ministry of Mines and Fuel have not organised such a cell as they felt that for the time being they could do the technical screening and scrutiny with the assistance of the Coal Mining Adviser to the Ministry. *The Committee are glad to note that the Secretary of the Ministry agreed to have a small cell which could devise a suitable proforma of returns and process the information received from the undertakings.*

Delays in  
submission  
of quarterly  
reports by  
the Financial  
Controller.

188. As already stated, a quarterly report is being furnished by the Financial Controller of the Corporation to Government since 1960-61. The form as also the time limit within which these reports should be submitted have, however, not been laid down by Government. The table below shows the dates on which reports for certain quarters were submitted by the Financial controller.

Report for the quarter ending	Date of submission to Government
1. 31-12-1960	18-3-61
2. 30-9-1961	14-12-61
3. 31-12-1961	5-3-62
4. 31-3-1962	5-6-62

189. It will be seen that the report for a quarter has been submitted after over two months. The Managing Director admitted that the time taken had been inordinate. *The Committee are not happy over the long time taken in the submission of quarterly reports by the Financial Controller. They recommend that a suitable time limit as also an appropriate form for these reports should be laid down by Government.*

Need to lay down time limit and form of Financial, Controller's Report.

#### E. Participation of State Governments

190. During 1961-62, a partnership agreement was entered into by the Corporation in respect of its existing Korba Mines (i.e. one open cast mine and two quarries of underground inclines) with the Government of Madhya Pradesh. In terms of this Agreement, which came into force from 1st April 1961, the Corporation and the Madhya Pradesh Government undertook to contribute to the partnership business in the proportion of 2:1 and share profits or losses in the same proportion. The management of the business rests solely with the Corporation which has to take into consideration the advice tendered by the Korba Consultative Committee.

Partnership Agreement with Madhya Pradesh Government.

191. It was explained during evidence that the Madhya Pradesh Government wanted a partnership of some sort and that after some discussion with them this pattern had been evolved. It was also stated that Government had not so far encouraged development of captive mines by the States i.e. for purposes of producing coal for their own requirements. They would, however, be agreeable to any other State Government entering into similar partnership with the Corporation if they so desired.

192. In August 1962, the Government of India entered into an agreement with the West Bengal Government whereby the latter had been permitted to produce coal of the requisite type and quality only for the purpose of feeding their own projects in the public sector, and for such projects as were included in the all-India Plan, as finalised by the Planning Commission. Explaining the reasons for this agreement the Secretary of the Ministry stated that the West Bengal Government were very keen to produce coal required for their public sector projects. Since there was litigation\* between the State of West Bengal and the Government of India regarding the power of the Central Government to acquire and develop land belonging to the State, Government came to a compromise and allowed them to work certain areas on their own. As regards allowing other State Governments to work

Agreement with the West Bengal Government.

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\*The Judgement of the Supreme Court in this case was delivered in December, 1962. The Court dismissed the suit filed by the West Bengal Government. The majority judgement was that the union Govt. had the power for compulsory acquisition of land and other properties vested in the State.

new mines, he said that each case would be considered on its merits.

**Committee's  
recommendation.**

193. It will be seen from the foregoing that different procedures have been followed by the Government of India in the case of Madhya Pradesh and West Bengal Governments. While in the former case a partnership agreement in respect of Korba mine has been entered into, in the later case, the State Government has been allowed to develop its own mines and produce coal for the State projects. Evidently the decision of the Central Government to permit the West Bengal Government to develop new mines on their own was not strictly in consonance with their policy of not allowing the States to have their own captive mines. The Committee feel that the policy of Government in this matter needs clarification. They, therefore, recommend that the policy of the Government regarding participation of States in the exploitation of coal may be laid down definitely.

#### F. Personnel Matters

##### (i) Staff Strength

194. The following table shows the staff strength of various categories of staff of the Corporation during the last 3 years:—

Category	Strength as on 1-4-60	Strength as on 1-4-61	Strength as on 1-4-62
<b>A. Headquarters:</b>			
<b>(1) Officers (All on Headquarters. Cadre)</b>			
<b>(a) Technical :</b>			
(i) Mining Engineers . . . . .	95	136	200
(ii) Electrical/Mechanical/ Excavating Engineers . . . . .	93	138	175
(iii) Civil Engineers . . . . .	30	47	66
(iv) Geologist/Drilling En- gineers . . . . .	10	10	22
<b>TOTAL TECHNICAL OFFICERS . . . . .</b>	<b>228</b>	<b>331</b>	<b>463</b>
<b>(b) Other officers . . . . .</b>	<b>94</b>	<b>130</b>	<b>153</b>
<b>TOTAL OFFICERS . . . . .</b>	<b>322</b>	<b>461</b>	<b>616</b>
<b>(2) Class III staff:</b>			
(i) Technical . . . . .	216	485	277*
(ii) Non-technical . . . . .	788	869	928
<b>(3) Class IV staff . . . . .</b>	<b>218</b>	<b>235</b>	<b>267</b>
<b>(4) Daily rated . . . . .</b>	<b>37</b>	<b>224</b>	<b>..</b>
<b>TOTAL H.QRS. . . . .</b>	<b>1581</b>	<b>2274</b>	<b>2088</b>

\*Excludes technical staff of Geological and Drilling Deptt. which has been shown under projects after 1-4-61.

Category	Strength as on 1-4-60	Strength as on 1-4-61	Strength as on 1-4-62
<b>B—Projects :</b>			
<b>(1) Monthly Rated :</b>			
(i) Technical . . . . .	4526	5740	6118
(ii) Clerical & others . . . . .	2135	2497	3197
<b>(2) Piece Rated . . . . .</b>	<b>17250</b>	<b>20341</b>	<b>21458</b>
<b>(3) Daily Rated . . . . .</b>	<b>18312</b>	<b>20502</b>	<b>23478</b>
<b>TOTAL PROJECTS. . . . .</b>	<b>42223</b>	<b>49080</b>	<b>54236</b>
<b>GRAND TOTAL . . . . .</b>	<b>43804</b>	<b>51354</b>	<b>56324</b>

195. It will be seen that the total staff of the Corporation which rose from 43,804 in 1959-60 to 51,354 in 1960-61, further increased to 56,324 in 1961-62. The Committee were not furnished with the staff strength of each colliery except for one year in 1961-62. They are, therefore, unable to determine justification for the increase in the staff of the various collieries in comparison to their output. It is, however, observed that though the total production in all collieries during 1961-62 has fallen to 8.05 million tons from 8.05 million in 1960-61, the total staff had increased from 51354 to 56324 during the same period, the increase under officers being as much as 34%.

196. In regard to the basis of determination of staff strength, it was stated that provision of staff for collieries was made in the approved project reports and appointments were made as the tempo of work increased. The strength of the Headquarters staff was determined on the basis of the assessment of the actual work load.

Basis of  
determination  
of staff  
strength.

197. From a statement furnished to the Committee, it is observed that in the case of 12 collieries with a total production target of 17 million tons by 1965-66, the provision for officers, ministerial and Class IV staff was estimated at 4253. Against this, their actual strength in 1961-62 was 2862 (i.e. 67.3% of the estimates) whereas their production in that year was only 3.07 million tons i.e. 18% of the total production envisaged. Thus the large staff appointed is not related to the output, which is very low.

The Study Group of the Committee during their visit to the Corporation in July, 1962, also formed the impression that the number of class IV staff at the Headquarters was large.

198. The position of staff in the National Coal Board, U.K. has been described in the Managing Director's report as follows:—

Staff position  
in National  
Coal Board,  
U. K.

"They have a large number of officers mostly technical or specialised, supported by Secretaries,

Stenographers and Typists. They certainly do not have the same proportion of clerical and administrative staff which we always tend to gather round us. This is a point in respect of which we have certainly a lesson to draw, from the British organisation".

**Committee's Recommendation.**

199. During evidence, the Managing Director agreed that the present staff strength needed to be brought under review. The Committee have discussed in the Report the high staff strength in the Kargali washery, Barkakana, workshop and Giridih mines. They consider that the staff in all the collieries and at Headquarters is on the high side. It is also observed that the staff strength in the project reports of collieries with the same production targets differ from each other. For instance, while target of production for Sayal 'D' and Bachra collieries (both underground) by 1965-66 is 0.50 million tons each, the staff strength envisaged in their project reports is 263 and 199 respectively. They would, therefore, recommend that a review of the present staff strength of the Corporation may be undertaken immediately with a view to reducing the same. It is also necessary that the present methods for determination of staff strength are rationalised.

#### (ii) Recruitment

200. The Committee were informed that officers in the Corporation were recruited on an all-India basis. The staff at Headquarters was recruited by advertisement or through Employment Exchange. As regards the collieries, Government instructions regarding recruitment of unskilled, semi-skilled workers locally were being followed.

**Classification.**

201. The posts in the Corporation have been organised in eight cadres, viz. First Class Mining Engineers Service, Electrical/Mechanical Engineers Service, Excavating Engineers Service, Civil Engineer Service, Medical Officers Service, General Administrative Service, Accounts Service and Class IV Employees' Service. Each Service is divided into a number of grades and appointments to a higher grade are made mainly by promotion based on selection on merit from among officers of the lower grade after they have put in a minimum length of service in that grade.

**Quick promotional jumps.**

202. A statement showing the scale of pay, mode of selection under the Rules, names of present incumbents, their qualifications and dates of appointments to various grades of officers of Mining Engineers Service (other than Chief/Joint Chief Mining Engineers and Assistant Colliery Managers) is given in Appendix III. It will be seen therefrom that out of eight Deputy Chief Mining Engineers (scale of pay Rs. 1600—1800) four have been promoted to this grade within six to eight years of their total service in the three lower grades (i.e. Assistant Colliery Manager, Colliery Manager and Deputy Supdt. of Collieries).

Similarly, in the case of Deputy Superintendents of Collieries (scale of pay Rs. 1300—1600) officers have been promoted to this grade in several cases within 2 to 4 years of their service commencing from the lowest grade. In the case of Colliery Managers, (scale of pay Rs. 900—1400), promotions have been made in some cases even within a year of appointment as Assistant Colliery Managers (scale of pay Rs. 400—950). Thus there have been very quick promotional jumps especially in the Mining Engineers Service in the Corporation.

203. The quick promotions were sought to be justified on the ground that there was shortage of suitable hands in this line and the departmental officers who were found fit were promoted. The representative of the Ministry stated that due to expansion in the activities of the Corporation as also of decentralisation a number of higher posts were created and it so coincided that the youngsters who were senior got the advantage. He, however, admitted that in other services like IAS, IPS, IFS, etc. officers did not get such quick promotional jumps and undertook to look into the broader aspects of the matter.

204. The Committee are surprised to note that the Corporation should have resorted to such accelerated promotions without having regard to even the minimum length of service required to be rendered by an officer in the lower grades. While it is important that the senior posts in public undertakings should reasonably be filled from within the undertaking, the rapidity with which such promotions are made should broadly correspond to the opportunities available to similarly qualified persons in other public undertakings and Government service. Apart from other considerations, this is necessary to avoid the drift of technical persons from one undertaking to another. It is also essential that the senior officers acquire the requisite training and experience before they are promoted. Too early a promotion may tend to create stagnation at the higher places and give rise to discontentment among them. The Committee recommend that the matter may be examined by Government in a comprehensive manner. It is desirable to bring about some rationale and uniformity in the present mode of promotions in various public undertakings. The Managing Director agreed that there should be some rationale as also uniformity in this matter among various public undertakings.

205. The Corporation is empowered to make appointments to posts, the maximum of which does not exceed Rs. 2250/- p.m. The cadres scheme of the Corporation, which stipulated mode of recruitment/promotion of officers upto scales of pay within the maximum of Rs. 2250/- did not accordingly come to Government for approval. Similarly other public undertakings are also free to pursue their

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Powers re-  
garding ap-  
pointments.

own personnel policies within the powers delegated to them.

Earlier recommendation of the Committee regarding separate Public Service Commission.

206. In para 75 of their 39th Report (1st Lok Sabha) on B.E.L., the Estimates Committee observed that recruitment of officers in public undertakings should not be by a system different from that adopted for recruitment to services directly under the Government and recommended the setting up of a separate Public Service Commission for the purpose. This recommendation was reiterated in the 38th Report (2nd Lok Sabha) of the Committee. In reply to the latter, Government stated in June, 1960 that the matter was under consideration. No decision seems to have so far been taken in the matter.

207. The Committee discussed this matter further with the official witnesses. While the Managing Director of the Corporation did not favour the idea of a separate commission on the grounds that it might lead to inordinate delays in recruitment and curtail their autonomy, the Secretary of the Ministry saw no objection to it, provided certain quota of vacancies was reserved for promotion from within the undertaking.

Position in other countries.

208. Regarding allowing the public enterprises to pursue their own policies with regard to personnel, the practice varies in foreign countries. In the U.K. the nationalised industries appear to have complete freedom in matters of personnel policies. In U.S.A. most of the public enterprises are governed by civil service conditions. In many European countries, certain rules and regulations have been laid down about the personnel policies to be pursued by public enterprises—for instance most of the French nationalised industries are subject to 'personnel statutes' laying down in broad general terms conditions both for staff and for workers.

Committee's recommendation.

209. *The Committee consider that the problem is one of reconciling the requirements for public responsibility and regularity on the one hand and adequate business and commercial freedom to the greatest possible extent on the other. They feel that the solution lay in establishing a Personnel Commission, similar to the U.P.S.C. for public enterprises, staffed by people with business experience who understand the personnel needs of the public sector. The functions of such a Commission should inter-alia be to examine and approve the terms and conditions of service, recruitment, promotion and other personnel policies devised by various public undertakings and prescribe model rules. The Commission can also provide members for being co-opted on departmental recruitment and promotion committees of public undertakings. While, therefore, reiterating their earlier recommendation, the Committee would urge that Government decision may be taken at an early date in the light of the above observations.*



210. In regard to the availability of technical personnel, the Committee were informed that in the initial stages there was considerable paucity of technical personnel in all branches. Of late, however, the position with regard to Mining Engineers has comparatively eased. Paucity in respect of Electrical/Mechanical and Civil Engineers still continued. To overcome this difficulty the Corporation had taken a decision to give higher initial salaries. Graduate Mining Engineers with First Class Certificate of Competency were given a start of Rs. 705 pm. in the scale of Rs. 400—950/- i.e. 8 advance increments. The Electrical/Mechanical and Civil Engineers, after two years period of probation, were given a start of Rs. 510/- p.m. in the scale of Rs. 400—950/-. *The Committee consider that higher initial salaries should not be given as a matter of course but to really competent persons.*

Desirability of giving high initial salaries to really competent persons.

211. The general principles enunciated by Government regarding recruitment policy in the public sector projects contemplate *inter-alia* that for recruitment of unskilled and skilled workers in lower grades, first preference should be given to persons displaced from areas acquired for the project, especially scheduled castes and scheduled tribes (i.e. Adivasis).

No records re. employment of scheduled castes/scheduled tribes and local personnel maintained.

The Committee were informed that no records had hitherto been maintained by the Corporation in respect of scheduled castes/scheduled tribes recruited although a number of Adivasis and other local tribal people had been recruited both at the Headquarters and in the collieries wherever available. Likewise no area-wise records had been maintained of the local personnel recruited.

212. During evidence the Managing Director stated that though they had adopted Government policy regarding recruitment there were no specific instructions from Government in regard to the maintenance of records etc. The representative of the Ministry stated that unlike the procedure in Government departments, no periodical returns regarding employment of scheduled castes/scheduled tribes by Public Undertakings appeared to be compiled. *The Committee regret that the Corporation had not maintained records of employment of scheduled castes/scheduled tribes and local personnel. They hope that necessary records would be maintained at least now.*

Committee's observation.

### (iii) Absenteeism

213. The percentage absenteeism among workers in the collieries of the Corporation during the last three years has ranged between 5 to 28%. The table below shows the average percentage absenteeism in the Corporation's collieries.

High incidence of absenteeism in the Corporation's collieries.

eries *vis-a-vis* the All-India figure during the three years 1959 to 1961:—

Year	Average percentage absenteeism in Corporation's collieries	All-India percentage of absenteeism in coal mines
1959 . . . . .	15.21	13.11
1960 . . . . .	15.15	13.27
1961 . . . . .	14.50	N.K.

Committee's recommendation.

214. It will be seen that the average percentage absenteeism is higher in the Corporation's collieries as compared with All-India figure. It was explained that the workers tended to go to their villages during monsoon and that 'badli (those not regular) workers were employed to make up for the absentees. This absenteeism existed despite the provision of attendance bonus in the present wage scale. *Since coal mining is highly technical and the working is in shifts, the absenteeism of regular workers at the present high rate is likely to cause considerable loss in production. The provision of attendance bonus does not appear to have had the desired effect. The Committee would recommend that more effective steps should be taken by the Corporation to reduce the present incidence of absenteeism among the workers, at any rate to see that it does not go above the all-India average.*

## VIII ACCOUNTS AND FINANCE

### A. Capital

✓ 215. The authorised capital of the Corporation is Rs. 50 crores. At the end of 1960-61, its paid-up capital was Rs. 25·40 crores and the long term loans taken from Government were Rs. 23·45 crores. Of the paid-up capital Rs. 25·40 crores, Rs. 6·50 crores represented the value of shares issued against the net assets of ex-State collieries transferred to the Corporation on 1.10.56. Thus the total investment in the Corporation made by Government during the Second Plan period was Rs. 42·35 crores i.e. Rs. 18·90 crores in the shape of investment in equity and Rs. 23·45 crores in the shape of long term loans.

Government investment during the 2nd Plan.

216. As against the original allocation of Rs. 35·85 crores in the Second Plan, a sum of Rs. 101 crores was allocated to the Corporation in the Third Plan. In the year 1962 this was revised to Rs. 166·44 crores by the Corporation. The amount tentatively accepted by Government is, however, Rs. 133·67 crores. The break-up of the original allocation, revised allocation and the latest amount tentatively accepted by Government is given below:—

Original Third Plan allocation revised upwards.

Particulars	Break-up for Rs. 101 crores	Break-up for Rs. 166·44 crores (Intermediate)	Break-up for Rs. 133·67 crores tentatively accepted by the Government
1. Production of addl. coal . . . . .	57·00	80·07	78·15
2. Washeries (Coking) . . . . .	..	25·32	23·93
3. Spillover Second Plan . . . . .	8·00	10·67	10·14
4. Drills . . . . .	2·00	2·00	4·00
5. Central Workshops & Stores . . . . .	8·00	5·83	6·00
6. Advance Action IV Plan . . . . .	10·00	26·55	10·20
7. Spareparts . . . . .	..	..	1·25
8. Maintenance of Production . . . . .	16·00	16·00	..
<b>TOTAL</b> . . . . .	<b>101·00</b>	<b>166·44</b>	<b>133·67</b>

217. The increase in the estimates was attributed to the rise in costs. The Managing Director said that while originally the capital cost per ton of coal was estimated

Committee's observations.

between Rs. 35 to 40, it had now increased to Rs. 55. The representative of the Ministry stated that the previous estimates were rough and that these were revised after the actual project reports had been prepared. *The Committee are of the opinion that the increase of 66% in the estimates from Rs. 101 to Rs. 166 crores is unusually high and that the preliminary estimates should be more realistically framed.*

### B. Financial position & Results of working

218. The following table gives certain figures relating to the financial position & results of working of the Corporation during the last four years:—

(Figures in lakhs of Rs.)

Particulars	1958-59	1959-60	1960-61	1961-62
A. 1(a) Total capital employed*	2,519	3,852	5,496	6,080
(b) Capital employed on collieries under commercial production only . . . . .	N.K.	N.K.	3,884	4,480
2. Net worth:				
(i) Subscribed & paid-up capital†	1,043	1,547	2,579	3,120
(ii) Reserves & Surplus . . . . .	57	86	207	211
(iii) Less miscellaneous expenditure & loss ‡	(—) 344	(—) 457	(—) 337	(—) 698
Net worth . . . . .	756	1,176	2,449	2,633
3. Working Capital‡ §	501	1,398	2,049	1,947
4. Total Sales of coal, coke and bye products§	753	905	1,366	1,331
5. Profits:				
(a) Gross Profits (including tax¶ and interest but excluding depreciation) . . . . .	38	54	154	77
(b) Net profits (excluding tax and interest) . . . . .	20	21	104	12
B. Ratios				
1. (a) Gross Profits as percentage of:				
(i) Total capital . . . . .	1.5%	1.4%	2.8%	1.26%
(ii) Sales . . . . .	5%	6%	11.3%	5.8%
(iii) Capital on collieries under commercial production . . . . .	..	..	4%	1.7%
(b) Net Profits as percentage of Net worth . . . . .	2.6%	1.8%	4.2%	0.45%
2. (a) Ratio of total capital to sales . . . . .	1:0.30	1:0.23	1:0.25	1:0.22
(b) Ratio of capital on collieries under commercial production to sales . . . . .	..	..	1:0.35	1:0.30

\*Total assets minus miscellaneous expenditure and loss.

†Includes amount due to Government which is to be adjusted against issue of shares.

‡Represents difference between current assets and current liabilities (including liabilities taken over from State Collieries.)

§Includes value of coal used in production, consumed in collieries and issued free to employees.

¶No payment or provision was made for taxation during the last 4 years.

**(i) Turnover**

219. It will be seen from the above table that the ratio of total capital to sales has been fluctuating from year to year and has ranged round 1·0·22 to 1·0·30 during the last four years. Even if the capital employed on collieries under commercial production is taken into account, the ratio of total capital to sales works out to 1·0·35 in 1960-61 and 1·0·30 in 1961-62. Low Turn-over.

220. From a Memorandum submitted to the Committee by the Joint Working Committee of Indian Mining Association, Indian Mining Federation, Indian Colliery Owners' Association and Madhya Pradesh and Vidharba Mining Association, they learnt that in 1960-61 the ratio of total capital employed in 42 selected coal companies, to their Sales/Main Income was 1:0:95. Position in the Private Sector.

221. During evidence the Managing Director stated that due to mechanisation, the capital employed by the Corporation per ton of coal was about twice as high as in the rest of the coal industry and hence the capital out-turn ratio of the two sectors was not comparable. The Committee consider that the capital output ratio of the Corporation is very low. They are unable to accept the plea of high capital investment on mechanised mines as a valid one for the unduly low turn-over of the Corporation. They feel that the turnover of capital in mechanised mines should be more than that in the non-mechanised ones. While the Committee were not informed about the normal ratio in this regard in foreign countries they feel that the ratio of capital employed on the collieries under commercial production to sales should be at least 1:1. It is thus evident that efforts will have to be made by the Corporation to improve the utilisation of the capital by increasing the production in the collieries to the optimum capacity. Committee's Recommendations.

222. The Committee regret to observe that in spite of a written enquiry from them, neither the Ministry nor the Corporation could furnish any information regarding the normal turnover of such concerns in other countries. In this connection they would invite attention to para 38 of their 157th Report (Second Lok Sabha) on NEPA Mills Ltd. wherein they had stressed the need for collection of such norms by all public undertakings to enable their performance to be properly assessed.

**(ii) Profits**

223. It will also be seen from the above table that the percentages of (i) gross profits to total capital and to sales and (ii) of net profits to net worth have been fluctuating. Low Return on cap tal.

The steep decline therein during 1961-62 compared with the previous year is marked. This is attributed to a considerable decrease in the profits during that year on account of deliberate curtailment of production. *The maximum rate of profitability reached by the Corporation during the last four years was in 1960-61 when the percentage of gross profits to total capital stood at 2.8. Likewise the percentage of gross profits to capital employed on collieries under commercial production was 4 and of gross profits to sales was 11.3. The percentage of net profits to net worth too was only 4.2.*

Return as envisaged by the Coal Price Revision Committee and position in Private Sector.

224. The Coal Price Revision Committee (1959) which went into the cost structure of the coal industry envisaged a profit of 11% on the capital employed. A recent study of the finances of Joint Stock Companies by the Reserve Bank of India has also revealed that during 1960 the percentage of gross profits to total capital employed in 44 coal mining companies in the private sector was 9, and the percentage of net profits to net worth was 8.6. *Thus it would appear that the profitability of the Corporation is even less than 50% of that in the private sector and is about 36% of what was envisaged by the Coal Price Revision Committee.*

225. It was explained that the two Giridih Collieries viz. Kurhurbaree and Serampore had been incurring substantial losses for a number of years but were being worked by the Corporation in spite of losses under a Government Directive as the coal was of a very high grade. If their losses, which amounted to Rs. 56 lakhs during 1960-61, and the capital employed thereon were excluded, the ratio of gross profit to capital employed on collieries under commercial production would work out to 5.7 per cent. It was further pointed out that as a public undertaking, the Corporation had to accept certain obligations. For instance it was stated that raising of coal from two large open cast quarries viz. Bokaro and Kargali continued to be by manual method as use of heavy earth-moving machinery would throw a large number of workers out of employment.

Committee's recommendations.

226. *The Committee consider that the present return on the capital and net worth of the Corporation is very low. In their various Reports the Committee have emphasised the need for the public undertakings securing a reasonable return on the capital invested in them. They hope that the Corporation would make an all out effort to improve its profitability by increasing efficiency and effecting economy. The Managing Director agreed during evidence that the percentage of net profits to capital employed should normally be 10 and assured that this rate would be*

attained by the Corporation when it reached full production. The Committee expect that the performance of the Corporation should compare favourably with that of the private sector.

(iii) Colliery-wise financial results of working

227. The following statement shows the results of financial working of various collieries during the last two years:—

Name of the Colliery	Yearly profit (+)/ loss(—) (in lakhs of Rs.)		Project Reports estimate profit per ton <i>vis-a-vis</i> actuals in 1960-61.	
	1960-61	1961-62	Project Report Profit per ton Rs.	Actual Profit (+) Loss(—) per ton in 1960-61 Rs.
<b>Old Collieries :</b>				
1. Kurhurbaree . . .	(—) 28.52	(—) 24.26		
2. Serampore . . .	(—) 31.95	(—) 25.14		
3. Kargali . . .	(—) 48.14	(+) 38.00		
4. Bokaro . . .	(+) 25.45	(+) 48.73		
5. Sawang . . .	(—) 2.78	(—) 2.49		
6. Jarangdih . . .	(—) 3.14	(—) 4.90		
7. Argada . . .	(+) 4.71	(+) 0.74		
8. Bhurkunda (including extension).	(+) 38.30	(+) 5.19		
9. Talchar . . .	(+) 3.42	(+) 0.65		
10. Deulbira . . .	(+) 2.67	(—) 0.62		
11. Kurasia (do.) . . .	(+) 48.61	(—) 20.93		
<b>New Collieries :</b>				
12. Kathara . . .	(+) 33.32	(+) 11.98	3.19	(+) 4.63
13. Korba* . . .	(+) 23.84	(+) 1.33	..	(+) 4.10
14. Saunda . . .	(+) 20.62	(—) 8.46	1.04	(+) 3.31
15. Gidi 'A' . . .	(+) 41.51	(—) 0.57	2.96	(+) 6.06
16. Gidi 'C' . . .	(+) 11.75	(—) 0.46	2.44	(+) 8.16
17. Bachra . . .	(—) 15.18	(—) 10.44	1.55	(—) 10.74
18. Sayal 'D' . . .	(—) 5.35	(+) 2.39	1.37	(—) 3.09
19. South Balanda . . .	(+) 1.36	(+) 1.54	4.47	(+) 1.93

\*Korba mines are under partnership business between the Corporation and the Madhya Pradesh Government.

**Urgent measures required to reclaim Sawang and Jarangdih collieries.**

228. It will be seen that out of 11 old collieries four, viz., Kurhurbaree, Serampore, Sawang and Jarangdih have continuously incurred losses during the last two years. In fact, they have been running at a loss for a very long time. The losses incurred by the former two collieries during the last 4 years alone amounted to Rs. 136.66 lakhs. During evidence the Managing Director stated that while Sawang and Jarangdih could be reclaimed and made economical he was not sure of Kurhurbaree and Serampore. *The Committee hope that the Corporation will take suitable measures to reclaim the Sawang and Jarangdih collieries urgently.*

**Giridih collieries.**

229. As regards the Kurhurbaree and Serampore collieries (known as Giridih group of collieries), it was stated that these collieries had been worked since 1863. The mines were now surrounded on all sides by old goaves which were waterlogged in patches and certain seams were on fire in some other areas. This had increased difficulties in mining operations and entailed heavy expenditure on pumping water and roof supports apart from limiting the workings to very narrow strips. It was also stated that though the output of these collieries was now limited, the staff strength continued as before. In view of the present state of these collieries, the Board of Directors proposed that they should be closed down. But having regard to the increasing requirements of the selected grades of coke and coal for the steel plants available here it was decided by the Government in national interest that these mines should be continued in production for so long as the present available reserves of these coals could be worked.

**Committee's recommendation.**

230. During evidence, it transpired that the major factor responsible for losses in Giridih collieries was the redundancy of staff. The Managing Director stated that out of a total of 6,000 workers, 400 had become completely surplus and possibly more could be retrenched. They were negotiating with the workers' union for retrenchment of the surplus persons who could be absorbed in other collieries. Since most of the workers possessed land in that area, they resisted transfers. *Apart from the fact that surplus staff casts a heavy financial burden on the collieries their existence also tends to affect the general efficiency of the organisation. The Committee, therefore, recommend that the problem of surplus staff should be resolutely tackled by the Corporation.*

**Immediate steps needed to improve working of Bachra new colliery.**

231. It will also be observed from the above statement that of the new collieries, Bachra has continued to incur heavy losses since 1960-61 when it went into commercial production. While the project report of this colliery had estimated a profit of Rs. 1.55 per ton, it incurred a loss of Rs. 10.74 per ton in 1960-61. This was attributed to 'encountering unexpected geological conditions'. The



Managing Director admitted that they undertook this project too hastily. He added that further drilling had now been done and more reserves were likely to be found. The Committee regret that the Corporation should have proceeded with this project in haste without collecting full data which resulted in a loss of over Rs. 25 lakhs in two years. They hope that immediate steps would be taken by the management to improve the working of the colliery.

#### (iv) Dividends

232. The Articles of Association of the Corporation provide for the declaration of dividends. Though the Corporation had been making profits since its inception which in the year 1960-61 alone amounted to Rs. 103·66 lakhs (net) no dividends have so far been declared by it. No Dividends declared.

233. It was stated that the Corporation had hitherto been transferring all their profits to the Development Reserve Fund in order to get the benefit of income tax relief. It was also stated that in an expanding organisation like the Corporation where every year there was addition to the plant and machinery in use, the transfer of profits to the Development Reserve Fund would have to be continued for some years to come. During evidence, the representative of the Ministry stated that they were following a practice which prevailed in other public undertakings during the development stage.

234. The Committee consider that since the share capital of public undertakings is financed from borrowing on which Government pays an interest ranging between 4 and 4½ per cent., it is reasonable to expect that they should declare some dividend which should cover not only the interest charges on its share capital but much more. Committee recommendation.

#### (v) Depreciation

235. The table below shows the amount of depreciation provided for by the Corporation during the last 4 years:—

(In lakhs of R.)

Depreciation	1958-59	1959-60	1960-61	1961-62
(i) During the year (Charged to P/L Account) . . . . .	36·75	43·34	115·89	125·05
(ii) Up-to-date . . . . .	383·89	477·89	731·13	1059·72

236. The Corporation has been providing depreciation on the historic value of the assets rather than on their replacement value. The Committee were informed that it was difficult to say what would be the price of the assets at the time of replacement. With the indigenous manufacture of imported items of mining machinery it was expected that the cost in future might not be higher than the present Present practice.

cost. It was also stated that the present rate of depreciation was sufficiently liberal. Other undertakings were also stated to be following the same practice for calculating depreciation.

Position in  
U.K.

237. In their Report (1958) on the National Coal Board, the Committee on Nationalised Industries, U.K. while commenting on the depreciation policy of that Board stated as follows:—

“...The Board depreciate their man-made assets on a historical basis...While the Board and the Ministry agree that more self-financing by the Board would be desirable, there is no insistence on depreciation on a replacement basis. However, in an extractive industry, even depreciation on a replacement basis is not enough to maintain output at a steady level...”

It has since been enjoined on all nationalised industries in the U.K. to make provision for depreciation on replacement cost basis.\*

Committee's  
recommendations.

238. *The Committee are of the opinion that since plant and machinery in the coal industry are prone to rapid wear and tear, the normal rate of depreciation at historic value\*\* is not likely to prove adequate. They, therefore, recommend that the policy regarding provision of depreciation may be reviewed by the Management.*

*They would also suggest that the question of providing depreciation on replacement cost basis, as in U.K., by all the public undertakings may be examined by Government.*

#### (vi) Reserves and Surpluses

Present Reserves Low.

239. The Development and other reserves† of the Corporation stood at Rs 2·07 crores at the end of 1960-61. It was stated that this amount had been fully utilised towards the expansion programme of the Corporation. During evidence the Chief Accounts Officer of the Corporation felt that the existing reserves were adequate. He also stated that there was no statutory obligation for the creation of a general reserve, etc.

Committee's  
recommendation.

240. *Out of a total capital expenditure of Rs. 42·43 crores incurred during the 2nd Plan period, the expenditure on expansion programmes alone was Rs. 38·11 crores, the balance being on maintenance of existing production capacity. Thus only about 5 per cent. of the expenditure could be met from internal resources for financing the expansion programmes. The Committee consider that there is a*

\*White paper (comnd. 1337) on the Financial and Economic obligations of the Nationalised Industries, published by the H.M. Government in April, 1961.

\*\*i.e. original cost of an asset.

†Also includes Reserves for additional depreciation, contingent liabilities and taxation amounting to Rs. 27·20 lakhs.

general need for public undertakings to build up adequate reserves. It is necessary in the national interest for these undertakings in the long run to make a substantial contribution towards the cost of their capital development out of their own earnings. In normal circumstances the desirable level of reserves should be related to the amount of the paid-up capital. In this connection, the Committee would also draw attention to para 58\* of their 157th Report (2nd Lok Sabha) on NEPA Mills Ltd., wherein they have recommended that Government should lay down a policy for the creation of various kinds of Reserves by public undertakings.

241. In the Third Five Year Plan considerable emphasis is laid on public sector undertakings realising adequate 'surpluses' and contribution of Rs. 300 crores on this account from Central Government concerns, is envisaged. Surpluses during the Third Plan.

242. The Committee asked for the estimated contribution of the Corporation in this regard. It was stated that the estimated profits prior to taxation in respect of collieries on production account, inclusive of Korba Partnership project, were anticipated to be Rs. 7.43 crores. Besides this, the total provision for depreciation during the Plan period was estimated at Rs. 19.53 crores—thus making a total surplus of Rs. 26.96 crores. The year-wise break-up of this surplus together with the percentage of profits to the share capital on collieries under revenue is indicated below:— Contribution of the Corporation

(In crore of Rs.)

Year	Anticipated Surplus			Percentage of net profit to share capital on collieries under revenue	
	Net Profit	Depreciation	Total	Share Capital at the end of the year	%age of (1) to (4)
	(1)	(2)	(3)	(4)	
1961-62	0.13	3.28	3.41	23.00	0.57%
1962-63	0.65	3.29	3.94	27.50	2.37%
1963-64	0.90	4.21	5.11	33.80	2.66%
1964-65	2.50	4.25	6.75	50.00	5.00%
1965-66	3.25	4.50	7.75	61.00	5.33%
<b>TOTAL</b>	<b>7.43</b>	<b>19.53</b>	<b>26.96</b>		

\*".....The Committee trust that the need for building adequate reserves would be borne in mind with a view to strengthening the financial position of the concern. They would also suggest that in the case of public undertakings Government should lay down a policy for the creation of various kinds of Reserves which are considered essential in consultation with Company Law Administration" [para 58 of 157th Report of E.C. (2nd Lok Sabha).]

243. A total capital investment of Rs. 133.67 crores is estimated to be made by the Corporation during the Third Plan period. Thus the internal surplus of Rs. 26.96 crores would be adequate to meet only about 20 per cent. of the capital requirements of the Corporation. Further the percentage of net profit to share capital on collieries under revenue which is only 0.57 per cent. in 1961-62 would be 5.33 per cent. in 1965-66.

Committee's  
recommendation

244. During evidence the Managing Director assured the Committee that the estimated surplus (as computed by the Corporation) would be realised. *The Committee feel that the term 'surplus' needs to be defined clearly and have referred to it in para 245 below. They hope that the estimated surplus would not only be realised by the Corporation but efforts made to increase the same.*

Need for  
defining the  
meaning of  
'Surplus' as  
also to lay  
down targets  
thereof for  
each under-  
taking.

245. As stated in para 242 above, the net profits for purpose of surplus envisaged in the Plan have been computed prior to taxation. The Financial Adviser stated in evidence that by 'surplus', they meant the amount available to the undertakings for their operations after providing for the working expenses, cost of replacement, interest and dividend. The representative of the Ministry stated that taxes which would be about 30 to 35 per cent. would have to be deducted to arrive at the correct figure of net profits and undertook to examine the matter. *The Committee consider that the net profits for the purpose of surplus should be arrived at after deducting taxation. In this connection, they would invite attention to para 26 of their 120th Report (Second Lok Sabha) on Sindri Fertilisers Corporation Ltd., (now Fertilizers Corporation of India) wherein it had been suggested that the term net profits should be used to mean only disposable profits which remain for dividend distribution and for reserves. They would, therefore, recommend that the matter may be examined by Government in consultation with the Comptroller & Auditor-General and the precise meaning of the term 'surplus' defined. They would also suggest that the surpluses expected of the various public undertakings during the Third Plan period may be laid down so that they may make efforts to realise the same.*

Need to set  
out broad  
financial &  
economic  
obligations  
of the Pub-  
lic Under-  
takings.

246. The Committee note that in U.K. certain broad principles have been laid down by Government on the basis of which the financial objectives for each nationalised undertaking are determined in the light of its own circumstances, needs and capabilities *vide* White Paper (Comnd. 1337) on the Financial and Economic Obligations of the Nationalised Industries, published by H.M. Government in April, 1961.

247. In regard to laying down similar principles in India, it was stated that public undertakings were expected to follow normal commercial principles. In fact in their Annual Report on the working of Industrial and Commercial Undertakings of the Central Government for

1960-61, laid on the Table of the House on the 7th September, 1962. Government took note of the broad principles laid down in other countries and stated that 'In our case, with the growth of public sector and as more experience is gained suitable standards will get evolved'.

248. During evidence the Financial Adviser of the Ministry stated that they had called for a meeting of the Financial Controllers of all the public undertakings where this matter would be discussed. *The Committee are of the opinion that the public undertakings in the country are working for quite sometime and sufficient experience is available now which could enable suitable standards to be laid down. They therefore recommend that broad principles regarding the financial and economic obligations of the public undertakings in the country should be laid down by Government as early as possible, and a copy thereof laid on the Table of the House.*

(vii) Book Debts.

249. The figures of Sundry Debtors of the Corporation are given below:— High Out-standings..

(In lakhs of Rupees)

Year	Out-standing over six months	Out-standing over three months	Others	Total	Remarks
1958-59	..	133	138	271	
1959-60	..	295	212	507	
1960-61	185	..	446	631	
1961-62	304	..	429	733	Includes Korba Partnership project.

250. It will be seen that the amount outstanding against 'Sundry Debtors' has been rising from year to year and in 1961-62 it stood at Rs. 7.33 crores. Out of this, a sum of Rs. 3.04 crores is outstanding for over six months. The break-up of the outstanding of Rs. 7.33 crores, is as follows:—

- (i) Railways—Rs. 2.21 crores.
- (ii) Government & Semi-Govt. Departments—Rs. 2.68 crores.
- (iii) Private Parties—Rs. 2.44 crores.

251. It was stated that Book Debts were related to the quantum of sales in a year and that with progressive increase in the amount of sales the book debts were also rising from year to year. The Corporation's sales were mostly to the Railways and various Departments of the Government, the realisation from whom might be slightly delayed but the chances of such debts becoming bad were remote.

Committee's  
recommendation.

252. In 1961-62, the book debts constituted about 55% of the sales which amounted to Rs. 1331 lakhs in that year. The Committee do not feel happy that a commercial undertaking like the N.C.D.C. should have allowed such outstandings to accumulate especially from customers like the Railways whose representative functions on its Board of Directors. They consider the accumulation of these heavy outstandings as unbusiness-like particularly when the Corporation had to borrow large amounts of money from Government for working capital. The Committee recommend that special measures should be taken immediately by the Corporation to recover its outstandings and to prevent their accumulation in future.

(viii) Inventories.

High Inventory.

253. The table below shows the position regarding stocks of stores, spare parts and machinery etc. vis-a-vis consumption of stores and spare parts during the last 2 years:—

Year	Stock (Rs. lakhs)	Stores and Spare parts	
		Consumption (Rs. lakhs)	Percentage of consumption to stock
1960-61 . . . . .	910	197	21.6%
1961-62 . . . . .	1059	251	24%

254. It will be seen that the consumption of stores and spare parts as compared to the stock was 21.6 per cent. in 1960-61 and 24 per cent. in 1961-62. Thus at the present rate of consumption the stock of stores and spare parts would last over four years.

Receipts  
Issues of Central Stores,  
Barkakana.

255. In 1960-61, apart from a store in each Colliery the Corporation established a Central Store at Barkakana, wherein spare parts for the earthmoving machinery and mining equipment are stocked. The statement below

shows the value of stores received in and issued from the Central Store during the last 2 years:—

Year	Stores (value in lakhs of Rs.)			Remarks
	Received	Issued	Balance at end of year	
1960-61	82·99*	23·22	59·77	*Includes spare parts worth Rs. 47·14 lakhs imported alongwith equipment.
1961-62	167·92†	30·07	197·62	†Includes spare parts worth Rs. 33·53 lakhs imported alongwith equipment.

256. Thus, whereas stores worth Rs. 82·99 lakhs were received in 1960-1, the issues amounted to Rs. 23·22 lakhs only. In 1961-62 apart from the balance of stores worth Rs. 59·77 lakhs, brought forward from the previous year, further stores worth Rs. 167·92 lakhs were received thus making a total of Rs. 227·69 lakhs worth of stores against which the issues amounted to Rs. 30·07 lakhs only. The balance of stores worth Rs. 197·62 lakhs at the end of 1961-62 would last for over six years at the present rate of issues. In justification of the accumulation of stores far in excess of the issues it was stated that under the present practice they had to import along with the machinery spare parts to the tune of 15 per cent. of the value of equipment to cover two years requirements.

During evidence the representatives of the Corporation as well as the Ministry admitted that too much of stores have been unnecessarily accumulated and that they were now taking steps to reduce the same.

257. *The present total value of inventories which work out to about 4 to 6 years requirements at the present rate of consumption is apparently very excessive. Further the bulk of these stores and spare parts are imported entailing heavy foreign exchange expenditure. The import of 15 per cent. of spare parts along with the machinery hardly explains the present high stocks. The Committee regret that the management should have allowed the inventories to accumulate to such an extent. The Ministry also do not appear to have exercised proper checks before sanctioning foreign exchange. Apart from locking up of capital involved in excessive accumulation of stocks, there is the danger of deterioration, wastage and pilferage. It also necessitates construction of extra storage godowns and employment of staff for their care and custody. The Committee recommend that immediate steps should be taken by the Corporation to reduce the present inventories as also to obviate any*

Committee's  
recommendation.

*unnecessary accumulation of stores in future by changing the procurement procedure suitably.*

Procedure  
reg. valuation of  
Stocks need  
to be re-  
viewed.

258. At present, the closing stocks of products of the Corporation are valued at selling prices. This was stated to be the practice in the coal industry in India. Thus, though the value of stocks of coal, coke & bye-products amounting to Rs. 3.36 crores was taken into account in the Accounts for 1960-61, losses of Rs. 16.70 lakhs on account of deterioration of these stocks etc. were reflected in the Accounts for 1961-62.

259. *The Committee consider that under the present practice, the financial position of the working of a year is not truly reflected. In this connection they find that in the National Coal Board, U.K. though the stocks are valued at selling prices they are accounted for in the accounts of the year concerned after making specific provisions for loss, degradation, lifting and marketing expenses etc. assessed in the light of all the circumstances. They would, therefore, recommend that the existing procedure in regard to the valuation of stocks may be reviewed.*

### C. Accounting, Budget and Annual Reports

Cost Ac-  
counting.

260. The Committee were informed that the system of costing employed in the Corporation is the single output or unit cost method, which is based upon the system of cost accounts in vogue in the coal industry generally. The system has not so far been examined by the Cost Accounts Branch of the Ministry of Finance. In this connection the Committee would draw attention to para 64 of their 55th Report (1958-59) on the Ministry of Finance—Department of Expenditure, wherein they recommend that a programme of completing one round of examination of cost accounting systems of the various public undertakings by the Cost Accounts Branch in as short a period as possible might be drawn up. Government accepted the recommendation and stated in 1959 that steps to draw up a programme for such investigations were being taken in consultation with the administrative Ministries and the undertakings concerned. *The Committee expect that steps would be taken according to this decision and recommend that the adequacy or otherwise of the existing cost accounting system followed by the Corporation should be examined by the Cost Accounts Branch of the Finance Ministry at an early date.*

Management  
Accounting.

261. The Committee were informed that a start had been made during this year towards management accountancy. A separate section had been set up at the Headquarters which furnished details to the management for their consideration before taking decisions on matters having financial implications.



262. Management accountancy is an important means of controlling the cost of an undertaking and continuous appraisal of performance of various units. It is, therefore, of great importance to lay down an efficient system of management accountancy suited to the particular circumstances of each undertaking and of ensuring that it is followed faithfully and efficiently in actual practice. During evidence the representative of the Ministry admitted the need for laying down a suitable system of management accountancy which would bring about built-in evaluation in the entire organisation at the various levels. The Committee recommend that Government should prescribe forms of management accountancy and it should be enjoined on each public undertaking to introduce the same from the very beginning.

263. As far back as 1957-58, the Estimates Committee in their 20th Report on Budgetary Reforms recommended that the industrial undertakings should prepare a performance-cum-programme-statement for the budget year, together with the previous years statement and that it should be made available to Parliament at the time of the budget discussion. The recommendation was reiterated in the 73rd Report of the Committee (1959-60) and was accepted by Government. The Corporation has not so far prepared programme-cum-performance budget. During evidence, the Managing Director hoped that such a budget would be included in the Annual Report for 1962-63. The Committee trust that this would be done.

Programme-cum-Performance Budget.

264. At present the Annual Reports of the Corporation do not contain the accounts of each Colliery separately. A consolidated Profit and Loss account is published, from which a clear picture of the results of operations of each colliery cannot be obtained. During evidence, both the representatives of the Corporation and the Ministry saw no objection to the inclusion of these accounts in the Reprt. The Committee recommend that the Corporation should include summarised Profits and Loss Accounts of collieries area-wise in the Annual Reports. Further these reports should be made more informative regarding the various activities of the Corporation and among other things include a map indicating the location of various collieries, directives, if any, issued by Government, etc.

Annual Reports.

## IX

### OTHER MATTERS

#### A. Sales Procedure

265. The Corporation has set up a Sales Organisation, which is located at Calcutta. It was stated that about 70 per cent of the coal produced by the Corporation was supplied direct to the Railways and Government departments. The remaining 30 per cent was sold to private parties. Sales to private parties were arranged through middlemen against necessary financial cover in the shape of cash payments, bank guarantee or letter of credit. A commission of a maximum of Rs. -/6/- per ton on all slack coal and inferior grade steam coal was allowed to middlemen, for supervising, loading, attending to complaints at loading points and above all for financing on behalf of the Consumers.

Sale to private parties confined to a few big dealers.

266. It was brought to the notice of the Committee that for selling coal to any middleman, the Corporation insisted that the party concerned should furnish a bank guarantee for twice or thrice the value of the monthly supply desired, and this could only be afforded by a few selected traders, with the result that the entire business of the Corporation was getting concentrated in the hands of a few big traders and tended to create monopolies.

It transpired during evidence that in Northern India, the sales were mainly confined through the three big dealers viz. Karamchand Thapur, Khan Sons and Ram Chand Das. As regards conditions, it was stated that the Corporation normally asked for a letter of credit or a bank guarantee which represented one month's cover.

Committee's recommendation.

267. *The Committee are not happy that the Corporation's sales to private parties should be confined to a few big dealers. They feel that the tendency for dealership to get into the hands of monopolists should be discouraged by public undertakings as far as possible. They, therefore, recommend that the present sale policy of the Corporation and the rules governing it should be reviewed with this end in view. The sale policy and the conditions should also be given the widest publicity as was agreed to by the Managing Director.*

#### B. Training

##### (i) Mining Training Schools of the Corporation

268. For training of junior technical personnel required for the projects, the Corporation has set up five mining training schools at Giridih, Kargali, Talchar, Kurasia and

Bhurkunda. The first four started functioning in October, 1956 and the last one in December, 1960. These schools provide for four separate courses of training as follows:—

- (i) Course I for Fitters Electrical/Mechanical.
- (ii) Course II for Supervisors Electrical/Mechanical.
- (iii) Course IIIA for Overmen/Mine Surveyors.
- (iv) Course IIIB for Asstt. Surveyors.

269. The table below shows the annual training capacity of these schools and the number actually trained during the last three years:—

Large unutilised capacity.

Year	Annual training capacity	Number actually trained	Percentage of Capacity	
			Utilised	Unutilised
1959-60	702	320	45.6%	54.4%
1960-61	832	188	22.6%	77.4%
1961-62	832	315	37.9%	62.1%

*It will be seen that the annual average utilisation of the capacity of these training schools during the last three years has been about 35 per cent. The unutilised capacity was 54.4 per cent in 1959-60, 77.4 per cent in 1960-61 and 62.1 per cent in 1961-62. The intake of trainees has also fluctuated.*

270. The Managing Director explained that they had deliberately built up capacity at a higher level to meet future expansion programme and that the present intake was according to requirements. He, however, admitted that the fluctuations in the annual intake of trainees were due to defective planning. Asked about the throwing open of the surplus capacity to the private sector, he stated that they would welcome it.

271. *The Committee are concerned at the existence of such a large unutilised capacity in the training schools of the Corporation. They recommend that early steps be taken to utilise the full capacity of the training facilities if need be by making this available for use by the private sector on suitable terms.*

Committee's recommendation.

#### (ii) Training Abroad

272. Since 1958 the Corporation had sent a total number of 58 officers to foreign countries viz. U.K., U.S.A., France, West Germany and Australia for training/study abroad under the various training schemes. Most of the trainees were Apprentice Mining Engineers and other young junior officers sent either for directed practical training (i.e., a general course of training) or training in subjects like

mechanisation, stowing, repairs and maintenance of machinery, etc. No officer was sent for training in specialised jobs like designing, sinking of deep shafts and construction of washeries. Similarly, though the importance of study of underground transport systems prevalent in foreign mines had been stressed in the Managing Director's Report (1960) as also in the Report of the Indian Productivity Team referred to earlier, no one was sent for study in this line. The period of training ranged mostly between about 2 months to 8 months.

273. The Managing Director stated during evidence that the system of sending young graduates for training abroad had since been discontinued as it had not been found very useful and now comparatively senior officers were being sent. In regard to training in designing, the representative of the Ministry stated that some difficulty had been experienced in getting our people accepted by other countries but they were gradually succeeding in this.

**Committee's  
recommendation.**

274. *The Committee consider that there could have been a better selection of subjects for foreign training having regard to the requirements of the Corporation. They feel that officers should be sent abroad for training in carefully selected specialised subjects only like designing, sinking of deep shafts, construction of washeries, underground transport systems etc. for which the requisite know-how is not available in the country. The period of training should be such as would enable the person concerned to really benefit from the training. The Managing Director admitted that the present short period training in subjects like repairs and maintenance was not sufficient. The Committee would, therefore, recommend that a suitable programme of training abroad may be evolved by the Corporation in the light of the observations made above.*

**Need for  
provision of  
training of  
Indian personnel  
in various  
agreements  
with foreign  
Collaborators.**

275. The contracts so far executed by the Corporation with the various foreign collaborators viz. CEKOP, Poland, Tiazpromexport, USSR etc. do not provide for training of Indian personnel abroad. It was stated that with the knowledge and experience already gained by the Corporation, such an arrangement was not considered necessary. When pointed out that it would facilitate the acceptance of officers of the Corporation for training in designing etc. in foreign countries, the representative of the Ministry agreed that it would be very useful to make a specific provision for such training in the agreements entered into with foreign countries. *The Committee trust that Government would arrange to include a clause regarding training of Indian personnel in designing and other specialised processes wherever necessary, in the agreements entered into by public undertakings with foreign countries.*

### C. Housing

276. The Committee were informed that while drawing up the project report, provision was made for miners' quarters and other residential buildings on the basis of 60 per cent for categories I and II (i.e. employees drawing pay upto Rs. 999 p.m.) and 100 per cent for the rest. The construction of these quarters, however, followed a phased programme. Apart from 9503 quarters\* of approved type available in old collieries taken over by the Corporation on 1st October, 1956, 9531 new quarters had been constructed in the various projects of the Corporation (including the Headquarters Ranchi) making a total of 19034. Further ten thousand quarters were stated to be under construction in the various collieries. At present the percentage of staff provided with accommodation in the various collieries varied from 8.34 per cent to 89.23 per cent—the average being about 37 per cent.

277. The total provision made for 25 townships including the township at Ranchi, in the various new projects of the Corporation undertaken during the Second and Third plan periods amounted to Rs. 1266.88 lakhs. This is exclusive of the subsidy, which is received by the Corporation for miners' quarters constructed under the new housing scheme from the Coal Mines Welfare Board. The amount of such subsidy expected to be received for 5688 miners' quarters constructed since 1958-59 amounts to Rs. 73.87 lakhs.

Cost of Township.

278. The Committee noted that while the total capital cost on the central workshop, Barkakana was Rs. 107 lakhs, the cost of township alone was Rs. 89.22 lakhs. Explaining the high proportion of the cost of township to the total cost of the workshop, it was stated that most of the machinery for the workshop was obtained from U.S. Defence surplus at a nominal price. The Managing Director, however, undertook to reduce the construction cost to the minimum, though he said that they might not be able to reduce it very much. *The Committee feel that there is scope for reduction in the costs of construction in the various townships. It is vital that maximum economy should be effected in these matters especially in the present emergency and efforts should be made to provide housing at cheaper cost. Further it would be desirable if standard specifications and designs of each class of quarters are laid down by Government on a regional basis. They recommend that suitable steps should be taken towards this end.*

Need for economy in construction cost.

279. The Committee note that out of 1019 quarters constructed at the Barkakana township, about 500 were not put to use immediately. The reason given was that it had not been possible to recruit suitable technical staff to the full

Need to avoid construction of quarters in excess of requirements.

\*This figure does not include Dhowras, the name given to old type quarters which exist in many of the old collieries.

strength of the Workshop, and that the surplus quarters would shortly be allotted to the staff of other offices of the Corporation working in or being shifted to that area. The Committee regret that the Corporation should have constructed a large number of quarters in excess of its immediate requirements which had to be kept vacant. It may be noted that the staff in the workshop is on the high side as stated in para 120. Thus there has been lack of planning in phasing the construction programme. The Committee hope that the management would avoid such situations in future.

Pattern of accommodation.

280. The Committee were informed that for miners' quarters the standards laid down by the Coal Mines' Welfare Board were being followed by the Corporation. As regards other categories of quarters, the Corporation followed its own standards. With a view to securing economy in construction costs, Government in March 1960, laid down certain broad principles for industrial housing in the public sector (vide Ministry of Finance O.M. No. 1068-SF/60 dated 23-3-1960). The difference between the Corporation's standards and the standards laid down by Government is shown below:—

Corporation's own standards of accommodation.		Standards of accommodation as laid down by Government	
Type & Salary Range	Plinth area	Type & Salary Range	Plinth area
	Sft.		Sft.
1(a) for salaries upto Rs. 54/-	400	I. for salaries below Rs. 60/- p.m.	365
1(b) for salaries Rs. 55-149 p.m.	500	II. for salaries upto Rs. 150 p.m.	400
1(c) for salaries Rs. 150-249 p.m.	600	III. for salaries from Rs. 151-300	600
2 a Do. Rs. 250-449 p.m.	880	IV. for salaries Rs. 301-750	900
2(b) Do. Rs. 500-749 p.m.	1100	V. for salaries Rs. 751-1500	1500
2(c) Do. Rs. 750-999 p.m.	1320		
3(a) Do. Rs. 1000-1499 p.m.	1400		
3(b) Do. Rs. 1500-1999 p.m.	1750	VI. for salaries above Rs. 1500	2100
3(c) Do. Rs. 2000-2250 p.m.	2200		
Special Rs. 2250/- and above	3000		
Servant quarter for 2(b) (Cost Rs. 2180/-)	}	Servant quarter 240 sft. and garage 225 sft.	
Servant quarter for 3(a) and garage (Cost Rs. 4000/-)			

281. It will be seen that the standards of accommodation followed by the Corporation are generally higher than those laid down by Government. During evidence the Managing Director stated that they were not in agreement with the latest housing standards of Government and had been trying to persuade Government, to allow them to adhere to old standards. The representative of the Ministry stated that it had been brought to the notice of the Corporation that the standards laid down by Government were to be followed except in cases where adequate justification was furnished for any departure. It was also stated that since the issue of the Ministry's letter standards laid down by Government were generally being followed in the various projects. There were, however, a few exceptions in which the standards approved by the Board of Directors had been sanctioned by the Government for special reasons such as that houses had already been constructed in the same area previously on the basis of Corporation's old standards and it would be anomalous to have houses of two different sets of standards in the same locality. *The Committee consider that Government should lay down standards in all such matters in the very beginning so as to avoid anomalies at a later stage. Since the standards now laid down by Government are intended to secure maximum economy in the construction costs and uniformity in all public undertakings, it should be ensured that they are strictly followed by them.*

Committee's  
recommendation.

#### D. Labour Relations and Welfare

##### (i) Workers' Participation in Management

282. The Second Five Year Plan recognised the need for closer association of workers with management and recommended the setting up of Councils of Management consisting of representatives of management, technicians and workers in the larger industrial establishments.

Slow progress in associating labour with Management and results also not encouraging.

283. The Committee were informed that a workers/management participation council had been constituted in Argada Colliery and had been functioning there for about a year. A similar council had also been formed in Kathara recently and orders had also been issued to set up these councils at Gidi 'A' and Deulbera Collieries.

284. It transpired during evidence that the Council at Argada Colliery had not been working entirely satisfactorily. The reason given was that both the workers and the management were not very keen on it. There were rival unions amongst the workers which created difficulties and the management at lower level also lacked practical knowledge to work the scheme successfully. It was proposed to depute certain officers and workers to visit some of the undertakings where workers' participation in management was working efficiently and satisfactorily.

The Managing Director stated that the success or otherwise of the scheme depended on the amount of funds which could be allotted for the welfare of workers. The Committee consider that the progress in associating labour with management in the Corporation's collieries has so far been slow and its results are also not encouraging. They hope that the Corporation will take all steps to make the scheme a success and introduce it in all the collieries as early as possible.

(ii) Labour Welfare

285. Under the provisions of the Mines Act and the Rules framed thereunder, certain amenities have to be provided by the owners of the Collieries to the employees. These include provision of cool and wholesome drinking water to both above-ground and under-ground workers, pithead baths, sanitary latrines and creches etc. Besides this, there are other amenities which are being provided by the colliery owners in the interest of workers at their own discretion and as a practice in the coal industry as a whole. These include houses, primary schools, recreation clubs, co-operative stores, provision of hospital or dispensary in each colliery to provide free medical service to the workers according to the standard laid down by the Coal Mines Welfare Commissioner, etc.

286. The position and the progress made by the Corporation in the provision of some of these amenities is discussed below:—

Filtered drinking water supply facilities.

Filtered drinking water supply was stated to be available in 10 out of 21 collieries\* of the Corporation. As regards other collieries, permanent schemes for filtered and protected water supply were either under execution or were being drawn up. It was explained during evidence that the water supply schemes were divided into two parts i.e. one temporary and the other permanent. While the former was taken up almost simultaneously with a project, the latter was taken up for a group of projects. The Managing Director, however, admitted that there had been a time-lag in making arrangements for filtered water supply in certain old collieries.

287. The Committee understand that in certain other countries schemes for filtered water supply are taken up along with a Project. They would suggest that the desirability of taking up schemes for filtered and protected water supply simultaneously with a project may be examined.

Education and Hospital Facilities.

288. Every project of the Corporation was stated to have been provided with a Primary School run by the Corporation. There was no provision for middle and higher

\* i.e., Bachra, Bhurkunda, Gidi 'A' Gidi 'C'. Saunda, Sayal-D, K. the Sawang, Talcher & Saudamdih.



secondary schools in any of the projects as this was the responsibility of the State Governments. The Corporation was, however, subsidising certain High Schools at Kargali and Bhurkunda. It was explained that in Bihar and Madhya Pradesh adequate facilities for high school going children were available in the adjacent areas except Bachra Colliery (Bihar) and Korba (M.P.) where the number of school going children did not justify the opening of Middle/High Schools. As regards collieries in Orissa, the State Government was stated to have been approached for opening a high school.

289. In regard to hospital facilities, at present 17 hospitals and 28 dispensaries were functioning in the various collieries/projects of the Corporation. The number of beds in the hospitals varied from 2 to 32 except the Girdih Hospital where there were 65 beds. Only the Giridih Hospital was equipped with X-Ray plant. It was stated that the present medical facilities were upto the standard prescribed by the Coal Mines Welfare Commissioner.

290. In regard to periodical medical examination of employees, the Committee were informed that vehicle drivers were medically examined every year with special care to their eye-sight and Mining Sirdars and Short Firers were medically examined every alternative year. There were no periodical health checks for other employees except in connection with appointment, confirmation, extension of service, etc. A scheme of annual examination of all the employees with special care to those working underground was stated to be under consideration.

Periodical  
Health  
Checks.

291. It is interesting to note that the periodic X-Ray scheme for the control of Pneumoconiosis of the National Coal Board, U.K., has revealed that out of 281,828 collieries' employees examined during the three years 1959 to 1961, 13.1 per cent. were found to be affected by Pneumoconiosis. It is well-known that there are great health hazards in working in mines and its environments. The Committee, therefore, recommend that the desirability of prescribing suitable periodical health checks for the employees of the collieries may be examined by Government.

292. The Committee understand that Co-operative Stores have been opened in most of the Corporation's collieries to facilitate availability of commodities of daily use to the workers. They would commend for adoption in at least the bigger projects of the Corporation, the pattern of the Employees' Co-operatives of the Neyveli Lignite Corporation which are stated to meet practically the entire domestic needs of the employees.

Co-opera-  
tives.

## (E) Safety

Fatal accidents rate compared with All-India figures and of the N.C.B. U.K.

293. The statement below shows for the last two years the number of fatal accidents which occurred in the Corporation's collieries due to fall of roof/side, haulage, machinery, etc., fatal accident rate per million tons of coal raised *vis-a-vis* the all-India figures as also in respect of the National Coal Board, U.K.:—

Year	No. of fatal accidents			Fatal accident rate per million tons of coal raised		
	NCDC*	All-India	NCB, UK	NCDC*	All-India	NCB, UK
1960 .	33	274	316	4.12	4.47	1.63
1961 .	23	N.K.	234	3.83	N.K.	1.23

294. It will be seen that the fatal accident rate per million tons of coal raised during 1960 was 4.12 in the Corporation's collieries against the all-India figure of 4.47, i.e., 0.35 less. But compared with the National Coal Board, U.K. the fatal accident rate in the collieries of the Corporation is very high.

Committee's recommendation.

295. It was explained that the statutory requirements of the Mines Act and the regulations made thereunder were implemented in all the collieries of the Corporation. A study of latest safety measures introduced in the mines in foreign countries had also been made. A nucleus safety organisation had been set up in the Corporation and safety officers were being appointed in the different regions. It was claimed that there was no reason to believe that the Corporation's safety standards compared unfavourably with those prevailing in any country abroad. *The Committee consider that there is room for improvement in the safety standards of the Corporation and that the present rate of accidents could be brought to the level of U.K. Coal Board. They feel that efforts should be made by the Corporation to bring home to every employee the need for maximum attention to safety through exhibitions, competitions, training courses, films, booklets and in other ways.*

NEW DELHI;  
The 29th March, 1963  
The 8th Chaitra, 1885 (Saka)

H. C. DASAPPA,  
Chairman,  
Estimates Committee.

\*NCDC's figures relate to financial year 1960-61 and 1961-62.

## APPENDIX I

(Para 147)

### *Summary of specific Resolutions passed by the Board on Production, Planning, Transport and other important subjects during the last three years*

1. Were of the view that every effort should be made to fit in the time schedule for commencement of production with the requirements of the Steel Plants during the Third Plan. [Item No. 2 of Board Meeting held on 7-9-1960.] Production.

2. Agreed with the Managing Director that it was most unlikely that an output rate of 2 million tons per annum per mine would be reached from the Sudamdih area by June, 1964 and desired that Government should be apprised of the position. [Item No. 2 of Board Meeting held on 9-11-1960.]

3. Approved of the Managing Director's proposals regarding the restriction on production from April, 1961 onwards. [Item No. 5 of Board Meeting held on 30-3-1961.]

4. Considered Managing Director's note on the report of the American team and authorised him to request Government to negotiate with the United States authorities for technical assistance in the sphere of open cast mines. [Item No. 5 of Board Meeting held on 14-12-1960.] Foreign collaboration.

5. Approved of the views expressed by the Managing Director on the recommendations of the American Coal Team and authorised him to convey the same to Government. Further expressed the view that while negotiating with the United States authorities for technical assistance in the sphere of open cast mines, efforts should be made to entrust one of the new open cast mines to them rather than obtain their services for general advice. [Item No. 7 of Board Meeting held on 27-1-1961.]

6. Agreed with the views of the Managing Director regarding the extent to which the T.C.M. aid in respect of open cast mines should be obtained and the nature of the agreement and authorised him to negotiate accordingly. [Item No. 2 of Board Meeting held on 30-3-1961.]

7. Resolved that in view of recurring losses, the Giridih group of collieries be closed down. The Chairman in exercise of his powers under Article 83 of the Articles of Association reserved the matter for consideration of the Government. [Item No. 2(j) of the Board Meeting held on 27-8-1959.] Giridih Mines.

- Disposal of slack coal.** 8. Resolved that the management should approach the Government that all demands for coal arising out of Government or Government-sponsored undertakings be diverted to State Collieries. [Item No. 2(1) of Board Meeting held on 27-8-1959.]
- Transport.** 9. Desired that the Managing Director should bring the position regarding shortage of wagons and delay in linking of collieries with railway lines to the notice of Government. [Item No. 21 of Board Meeting held on 10-3-1960.]
- Standardisation.** 10. Observed that to the extent possible standardisation of equipment should be aimed at and achieved. [Item No. 7 of Board Meeting held on 27-1-1961.]
- Singrauli project.** 11. Considered a note of the Managing Director and expressed the view that it would not be possible for the Singrauli project to bear the cost either of the Railway line construction or of the road construction and desired that this should be brought to the notice of Government for decision. Pending a decision, while drilling and other action relevant to preparation of project report should continue, no capital expenditure should be incurred. [Item No. 3 of Board Meeting held on 27-7-1961 and item No. 1 of Meeting held on 26-8-1961.]
- Washer c .** 12. Considered the Managing Director's Report and desired that it be made clear to Government that N.C.D.C. would not be called upon to bear the cost of washing the Karanpura coal for railways, unless Government issued a clear directive to this effect. [Item No. 13 of Board Meeting held on 30-9-1961.]

## **APPENDIX II**

*(Para 157)*

### **Names of Committees of the National Coal Board, U.K. and their Terms of Reference**

#### **1. GENERAL PURPOSES COMMITTEE:**

##### **Terms of Reference:**

- (i) To consider matters which would otherwise require a Board decision; to take decisions on those which the Committee feel able to decide; and to refer to the Board with such recommendations as they think fit such questions as in their judgement should be so referred;
- (ii) to keep under review the carrying out of Board policy.

#### **2. PERSONNEL COMMITTEE:**

##### **Terms of Reference:**

- (i) To consider and deal with questions of policy concerning the conditions of service, recruitment, selection, training, education and well-being of the Board's employees;
- (ii) to frame the policy to be pursued by the Board's representatives in negotiations with organisations representing classes of the Board's employees.

#### **3. ORGANISATION COMMITTEE:**

##### **Terms of Reference:**

- (i) To consider and deal with questions of Headquarters organisation;
- (ii) to consider and make recommendations on, or deal with, as may be appropriate, questions affecting the Board's organisation as a whole.

#### **4. FINANCE COMMITTEE:**

##### **Terms of Reference:**

- (i) To keep under review the Board's general financial position, reserves, capital and revenue expenditure, costs, depreciation, investment policy and similar matters;

- (ii) to give approval to capital expenditure on behalf of the Board;
- (iii) to exercise a general oversight of the financial returns and results of Divisions and of the development of cost control systems; the Committee will refer specific points to Divisions for further examination and report.

**5. SAFETY AND HEALTH COMMITTEE:**

**Terms of Reference:**

To consider and deal with questions affecting the safety and health of the Board's employees, initiating action as necessary.

**6. COKE COMMITTEE:**

**Terms of Reference:**

- (i) To formulate proposals for the Board's carbonisation policy and to keep under review its implementation;
- (ii) to consider capital projects in the carbonisation field and make recommendations to the Finance Committee.

## APPENDIX III

(Para 202)

*Statement showing the scales of pay, mode of selection under the Rules, names of present incumbents, their qualifications and dates of appointments to various grades of Mining Engineers Service Officers (other than Chief/Joint Chief Mining Engineers and Assistant Colliery Managers.)*

(i) *Deputy Chief Mining Engineers*

(a) Scale—Rs. 1600—100—1800.

(b) Selection—By promotion of Deputy Superintendents of collieries who have completed atleast 3 years service in that grade or 12 years service after obtaining 1st class certificate in posts equivalent or higher than A.C.M.

Name of present incumbent	Qualifications	Dates of first appointment or to grades lower than D.C.M.E.	Date of Promotion to present appointment	Remarks
1	2	3	4	5
1. Shri N. Chandra	Diploma in M. Eng. (1941) First class Certificate (1948).	17-1-52, as A.C.S. in Coal Deptt. (Dates of next grades—Not known.)	6-4-61	Nine years service as A.C.M./C.M./D.S.O.C. when promoted Dy. C.M.E.
a. Shri S. Yegneswaran	B.Sc. Mining (1944) 1st class Certificate (1951).	5-8-44 as Asstt. Overman in Coal Deptt. (Dates of next grades—N.K.)	10-4-61	

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3. Shri R. G. Mahendru	Diploma in M.Eng., 1st Class Cert. (1953).	18-4-55 as A.C.M. in Coal Deptt.	23-4-61	Six years service as A.C.M./ C.M./D.S.O.C. when promoted Deputy C.M.E.
4. Shri R. S. Mathur	A.I.S.M., 1st Class certi- ficate. (1948).	1-1-52 as A.C.M. in Coal Deptt. (Date of C.M.— N. K.) 12-8-57 as D.S.O.C.	10-11-61	Less than 6 years service as A.C.M./C.M. when prom- oted D.S.O.C. Four years service as D.S.O.C. when promoted Deputy C.M.E.
5. Shri S. K. Mukherjee	Diploma (1945) 1st Class certificate (1946).	3-4-58 as Deputy S.C. directly.	10-11-61	Less than 4 years service as D.S.O.C. when prom- oted Dy. C.M.E.
6. Shri P. C. A. Paul	1st Class certificate (1954).	27-4-55 as A.C.M. in Coal Deptt. (Date of C.M.—N.K.) 20-7-58 as D.S.O.C.	1962	Less than 4 years service as ACM/C.M. when prom- oted D.S.O.C., 4 years service as D.S.O.C. when promoted Dy C.M.E.
7. Shri S. K. Bose	Diploma ; 1st Class certi- ficate (1953).	4-5-55 as A.C.M. in Coal Deptt. (Date of CM—NK) 15-1-59 as D.S.O.C.	24-7-62	Less than 4 years service as A.C.M./C.M. when promoted D.S.O.C., and less than 4 years as D.S.O.C. when promoted Dy. C.M.E.
8. Shri T. V. Lakshmanan.	Diploma ; 1st Class certi- ficate (1953).	17-5-55 as A.C.M. in Coal Deptt. (Date of C.M. N.K.) 22-3-59 as D.S.O.C.	1962	Less than 4 years service as A.C.M./C.M. when promoted D.S.O.C. and about 3 years service as D.S.O.C. when promoted Dy. C.M.E.



(ii) Deputy Supt. of Collieries

(a) Scale—1300—60—1600

(b) Selection—By promotion of Colliery Managers who have completed at least 3 years service in that grade and possess first class certificate of competency or 5 years service after obtaining 1st class certificate in posts equivalent or above A.C.M.

1. Shri. R. K. Gupta	. AISM (1950). First class certificate (1952).	19-5-55 as A.C.S. in Coal Deptt. (Date of C.M.—N.K.).	24-3-59	Less than 4 years service as A.C.M./C.M. when promoted D.S.O.C.
2. Shri J. K. Kapoor	. Diploma; 1st class certificate (1952).	25-4-55 as A.C.S. in Coal Deptt. (Date of C.M.—N.K.)	2-11-59	Less than 5 years service as A.C.M./C.M. when promoted D.S.O.C.
3. Shri U. S. P. Sinha	. AISM (1948). 1st class certificate (1952).	1-9-57 as C.M. directly.	27-3-59	Less than 2 years service as C.M. when promoted D.S.O.C.
4. Shri D. P. Gupta	. Diploma; 1st class certificate (1949).	26-11-56 as A.C.M. (Date of C.M.—N.K.).	10-6-59	Less than 3 years service as A.C.M./C.M. when promoted D.S.O.C.
5. Shri H. P. Singh	. Diploma; 1st Class certificate (1950).	12-3-58 as C.M. directly.	5-3-60	Less than 2 years service as C.M. when promoted D.S.O.C.
6. Shri J. N. Sarkar	. AISM (1950) ; 1st class certificate (1953).	10-12-56 as A.C.M., 23-9-57 as C.M.	22-5-60	Less than one year service as A.C.M. when promoted C.M., and less than 3 years service as C. M. promoted D.S.O.C.

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7. Shri P. K. Mallick	AISM ; 1st Class certificate (1953).	30-3-57 as A.C.M.. 1-11-57 as C.M.	22-9-60	Less than one year service as A.C.M. when promoted C.M., and less than 3 years service as C.M., promoted D.S.O.C.
8. Shri I. D. Ambuatha	Diploma ; 1st class certificate (1955).	1-10-36 as Asstt. Overman in S.R.C.D. 26-10-55 as A.C.M. 21-7-57 as C.M.	15-4-60	Less than 2 years service as A.C.M. when promoted C.M. and less than 3 years service as C.M. when promoted D.S.O.C.
9. Shri P. N. S. Pradip	Diploma (1952) 1st class certificate (1954).	30-1-58 as C.M. directly.	24-5-61	Less than 4 years service as C.M. when promoted D.S.O.C.
10. Shri U. K. Raja Rao	AISM (1950) ; 1st class certificate (1956).	28-6-54 as Supervisor in Coal Deptt. 7-9-56 A.C.M. 21-8-57 C.M.	24-5-60	Less than one year service as A.C.M. when promoted C.M. and less than 3 years service as C.M. when promoted Deputy S.O.C.
11. Shri P. M. Singh	AISM ; 1st class certificate (1956).	30-1-58 as C.M. directly.	2-5-61	Less than 4 years service as C.M. when promoted D.S.O.C.
12. Shri A. N. Bannerjee	Diploma (1950), 1st Class Certificate (1956).	23-1-58 as C.M. directly.	29-4-61	Less than 4 years service as C.M. when promoted D.S.O.C.

13.	Shri R. D. Roy	Diploma (1953), 1st Class certificate (1956).	11-9-57 as A.C.M. as C.M. 31-7-58	21-11-61	Less than one year service as A.C.M. when promoted as C.M. and less than 4 years service as C.M. when promoted D.S.O.C.
14.	Shri T. R. Jayraman.	AISM (1952) 1st Class certificate (1956).	16-4-58 as C.M. directly.	1-1-61	Less than 3 years service as C.M. when promoted D.S.O.C.
15.	Shri G. P. Mallick	AISM (1949) ; 1st Class certificate (1956).	8-4-59 as C.M. directly.	16-11-61	Do.
16.	Shri J. P. Yadav	Diploma (1949) ; 1st Class certificate (1956).	10-4-58 as C.M. directly	6-12-61	Less than 4 years service as C.M. when promoted D.S.O.C.
17.	Shri C. R. Bhattacharjee	Diploma (1951) ; 1st Class certificate (1953).	1-7-55 as A.C.M. in Coal Deptt.	14-6-62	Less than 2 years of service as A.C.M. when promoted C.M. and less than 6 years service as C.M. when promoted D.S.O.C.
18.	Shri R. Sehan	B. Sc. Mining (1952) ; 1st Class certificate (1955).	5-5-55 as Supervisor in Coal Deptt. 31-10-55 as A.C.M. 22-8-57 as C.M.	19-6-62	Less than two years service as A.C.M. when promoted C.M. and less than 5 years service as C.M. when promoted D.S.O.C.
19.	Shri A. B. Patra	AISM, 1st Class certificate (1956).	1-2-56 as Supervisor in Coal Deptt. 6-9-56 as A.C. M. 30-3-58 as C.M.	June, 62.	do.

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20. Shri A. K. Datta . Diploma; 1st Class certificate (1956). 21-4-43 as Apprentice in Coal Deptt. 29-12-56 as A.C.M. 21-5-59 as C.M. June, 1962 Less than 3 years service as A.C.M. when promoted C.M. and just 3 years service when promoted D.S.O.C.
21. Shri M. P. Narayanan Mining certificate (1955); 1st class certificate (1957) 12-12-55 as Supervisor in Coal Deptt. July, '57 as A.C.M. 13-6-58 as C.M. 16-6-62 Less than one year service as A.C.M. when promoted C.M. and just 4 years service when promoted D.S.O.C.

*(iii) Colliery Managers*

- (a) 1. Scale—900—40—1100—50—1400 (First Class)  
2. 700—40—1100—50/2—1250 (Second Class)

(b) Selection— (i) By promotion of A.C.M. who have completed at least 3 years service in that grade after obtaining first class certificate of competency. (Some posts reserved for A.C.M./Under Managers who have completed 5 years service after obtaining Second class certificate).

(ii) By direct recruitment if no suitable A.C.M. available.

1. Shri P. S. Sadhana Diploma (1947); 1st class certificate (1955). 29-1-58 as C.M. directly.
2. Shri K. K. Sharma AISM (1953); 1st class certificate (1956). 4-4-59 as

3. Shri A. K. Mukherjee . Diploma (1951) ; 1st Class 10-9-59 as  
Certificate (1954).
4. Shri P. N. Ka kar . Diploma (1954) ; 1st 1-9-57 as A.C.M. 12-7-58 ] 10 months service as A.C.M.  
Class Certificate (1957). when promoted C.M.
5. Shri L. Singh . AISM, 1st Class Certificate 1-3-58 ,, 27-3-59 1 year service ,, ,,  
(1957)
6. Shri S. N. Singh . Diploma (1951) ; 1st 8-3-58 as C.M. directly.  
Class Certificate (1957).
7. Shri S. P. Chakroberty AISM (1952) ; 1st Class 11-2-58 ,,  
Certificate (1957).
8. Shri S. K. Mitra . B.Sc. Mining; 1st Class 15-1-58 ,,  
Certificate (1957).
9. Shri D. Singh . Diploma (1954) ; 1st 5-3-58 ,,  
Class Certificate (1957).
10. Shri S. Bhattacharjee . Diploma (1950) ; 1st Class 12-6-59 ,,  
Certificate (1956).
11. Shri Mahip Singh . B.Sc. Mining (1954) ; 1st 14-3-58 ,,  
Class Certificate (1957).
12. Shri A. N. Sinha . B.Sc. Mining (1954) ; 1st 26-3-58 ,,  
Class Certificate (1957).
13. Shri A. Pant . AISM (1953) ; 1st Class 1-5-59 ,,  
Certificate (1957).

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14. Shri K. K. Gupta	AISM (1954) ; 1st Class Certificate (1957).	6-7-59	as C.M. directly.	
15. Shri S. K. Mukherjee	Diploma (54) ; 1st Class Certificate (1957).	15-6-59	”	
16. Shri T. N. Jaggi	AISM (53) ; 1st Class Certificate (56).	5-1-60	”	
17. Shri V. Jetti	Diploma (54) ; 1st Class Certificate (57).	7-3-60	”	
18. Shri J. Rai	AISM (53) ; 1st Class Certificate (56).	1-3-60	”	
19. Shri S. Chattopadhyya	B. Sc. Mining (50) ; 1st Class Certificate (55).	5-7-61	”	
20. Shri S. P. Mathur	B. Sc. Mining (53) ; 1st Class Certificate (58).	11-3-58	”	
21. Shri A. K. Patnayak	B. Sc. Mining (53) ; 1st Class Certificate (58).	10-3-58	”	
22. Shri A. K. Sinha	B.Sc. Mining (54) ; 1st Class Certificate (58).	23-5-59	”	
23. Shri A. K. Chatterjee	Diploma (1951) ; 1st Class Certificate (58).	4-5-59	”	

24.	Shri B.N. Prasad	AISM (55) ; 1st Class Certificate (58).	8-4-59	as C.M. directly.		
25.	Shri G. Prasad	Certificate of Coal Mining (1940) ; 1st Class Certificate (1958).	5-5-59	„		
26.	Shri R.S. Sandhu	1st Class Certificate (1958)	15-2-60	as A.C.M.	30-1-61	Less than 1 year service as A.C.M. when promoted C.M.
27.	Shri S.N. Prasad	AISM (54) ; 1st Class Certificate (57).	8-4-59	„	16-4-61	2 years service as A.C.M. when promoted C.M.
28.	Shri P.R. Sinha	AISM (54) ; 1st Class Certificate (59).	7-4-59	„	16-4-61	Do.
29.	Shri S.K. Bhatnagar	1st Class Certificate (1949)	8-6-48	as Surveyor in coal Deptt. 25-7-59 as A.C.M.	April, 61	Less than 2 years service as A.C.M. when appointed C.M.
30.	Shri J.N. Uppal	AISM (56) ; 1st Class Certificate (59).	-1-60	as A.C.M.	29-4-61	1 year service as A.C.M. when promoted C.M.
31.	Shri S.S. Rastogi	B. Sc. Mining (54) ; 1st Class Certificate (58).	27-7-60	as C.M. directly.	..	
32.	Shri D.P. Choudhry	B.Sc. Mining ; 1st Class Certificate (58).	14-2-61	as A.C.M.	10-1-62	Less than 1 year service as A.C.M. when promoted C.M.
33.	Shri G.S. Atwal	B.Sc. Mining (54) ; 1st Class Certificate (57).	26-4-61	as A.C.M.	30-1-62	Do.

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34. Shri K.R. Prasad	. B.Sc. Mining (57) 1st Class Certificate (57).	29-1-61 as A.C.M.	2-5-62	One year's service as A.C.M. when promoted C.M.
35. Shri R.N. Singh	. Diploma (55); 1st Class Certificate (59).	1-7-61 as A.C.M.	2-5-62	Less than 1 year's service as A.C.M. when promoted C.M.



## APPENDIX IV

### *Summary of Conclusions/Recommendations*

Sl. No.	Ref. to para No.	Summary of conclusions/recommendations
1	2	3
1	7	<p>The Committee note that in the Second Five Year Plan, it had been specifically stated that "in future the policy of retaining all new undertakings in coal in the public sector should be more strictly followed .....The expansion of production by the establishment of new collieries will be undertaken wholly in the public sector". The Committee feel that the present policy of Government in allowing the development of non-contiguous areas to the private sector is strictly not in consonance with the Industrial Policy Resolution and the decision contained in the Second Five Year Plan. The rather liberal interpretation of the Industrial Policy Resolution tends to create a certain amount of uncertainty in this respect and is not conducive to the proper development of the industry. It is necessary that any relaxation or re-orientation in the working of the policy should be given due publicity. The Committee deem it necessary that there should be more definiteness and clarity in the matter of enunciation of policy as also stricter adherence to the policy in actual implementation of it. Having regard to the actual working of the policy on expansion of coal production from the pragmatic angle, which has permitted private sector to go into some new areas also, the Committee consider it appropriate for Government to reexamine its policy and renunciate it with any change it may choose.</p>
2	II	<p>[The Committee consider that the existing activities of the Corporation which are mainly limited to the production of coal, may not prove to be very profitable.</p>

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They, therefore, feel that to make the Corporation a permanently viable unit, it is necessary that it should not remain a 'hewer' of coal merely but should also undertake low temperature carbonisation and other gasification ancillary activities like coking of coal, of coal, production of smokeless fuel, manufacture of bricks, etc.] They recommend that the whole matter may be examined by an expert Committee which may suggest suitable lines of ancillary activities such as indicated above to be undertaken by the Corporation after a consideration of all relevant factors.

3 (a) 13 [No year-wise production target was formulated by the Corporation or the Ministry. Against the production target of 13.5 million tons, the Corporation produced only 8.05 million tons of coal in 1960-61, i.e., 5.45 million tons less than the target.]

(b) 17 The Committee are surprised at the strained and novel interpretation put forward by the Ministry on the target of production for the Second Plan. To interpret the target of production as the rate to be achieved during the last quarter of the year, as was done by the Ministry, does not appear to have any rationale behind it, as quite apart from other considerations, such an interpretation itself can be stretched further even to mean rate of production during the last month or last week. Further, it is well known that targets of production of coal laid down in the Plans are estimated on the basis of the annual requirements of the various industries. It would appear that when it became clear to the Ministry that the Corporation could not fulfil the target of production of coal set for it during the Second Plan, the concept of a rate of production was introduced and a new interpretation was given to the term target of production. What is more surprising is that the Ministry and the Corporation not only persisted in this erroneous interpretation but claimed that the target rate of 13.5 million tons was not only achieved but was in fact slightly exceeded.

4 18-23 To achieve the 'rate of production' of 13.5 million tons, the Corporation stepped up its production during the last quarter of 1960-61. While production in the first

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three quarters of that year was 4.62 million tons, *i.e.*, an average of 1.54 million tons per quarter, the production in the last quarter was 3.43 million tons. The result of this stepping up of production by the Corporation was a sharp rise in the pithead stocks from 8 lakhs tons at the end of January, 1961 to 16.76 lakhs tons at the end of March, 1961. The decision to go all out in achieving the target of production during last quarter of the year 1960-61 was taken by the Corporation in consultation with and approval of the Ministry. [The Committee consider it unfortunate that a decision to show a steep increase in the output in the last quarter of the last year of the Second Plan was deliberately taken by Government despite the advice of the Planning Commission to the contrary and with the prior knowledge that it would result in heavy losses which ultimately amounted to Rs. 16.70 lakhs. That it was done for what has been termed as vindicating the position of the Corporation or boosting the morale of the staff could hardly be a justification. It is also doubtful whether the demonstration of the capacity of the organisation to attain the rate of targetted production served any useful purpose, particularly when actual production in the next year had to be restricted to less than fifty per cent of the capacity stated to have been achieved (*i.e.*, 13.7 million tons) and that at a time when the production could easily be doubled from the highly mechanised open cast mines. In the circumstances it was neither proper nor prudent to have resorted to accelerated production in the last quarter of 1960-61. The Committee trust that such decisions which serve no useful purpose and lead to considerable loss in earnings and to 'national waste' would be avoided in future.]

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28 The Committee are well aware of the magnitude of the tasks facing the Corporation in achieving the Third Plan target. The attainment of this target would involve an increase in production from 8 million tons in 1960-61 to 33 million tons in 1965-66, *i.e.*, an additional output of 25 million tons over a period of five years. That the production even in the second year of the Third Plan is likely to fall short of the revised target of 12.60 million tons by over 3 million tons indicates that the programme is lagging behind. In fact the Corporation has not so far produced even 13.5 million tons in a year for which capacity was stated to have been created by 1960-61. The revised annual targets of production set by the Corporation envisage an additional output of about

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11 million tons from 8 million tons in 1960-61 to 18·6 million tons in 1964-65 in the first four years, the Committee doubt whether an additional production of 15 million tons would be possible in the last year. Such a high production in one year even if achieved, may create transport difficulties as was the case in 1960-61. Therefore, sounding a note of caution against accumulation of any abnormal pithead stocks apart, the Committee would urge that the Corporation should not only make an all out effort to achieve the target, which has assumed an added importance in the context of the present emergency, but should also see that adequate transport facilities are made available by that time.

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31 While the Committee recognise that circumstances can arise which may require adjustments in production programme, they consider that for planned development it is essential that year-wise and field-wise targets of production are framed realistically. Frequent major changes in them not only upset the transport arrangements but also result in loss of work-flow and efficient use of manpower and machines. The Committee would, therefore, recommend that the annual as well as field-wise targets of production for the Third Plan may be refixed finally to see that the actuals would not violently depart from the targets. It might also be desirable if quarterly targets are fixed for each colliery so that the Corporation could watch the progress.

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33—35 During the Second Plan period while the production of non-coking coal of grades I and below increased by 643% from 0·585 to 4·348 million tons, the production of selected non-coking coal rose by 69% from 0·199 to 0·336 million tons and that of coking coal increased by 45% only from 2·323 to 3·366 million tons. Since the Third Plan requires the public sector to take a more active part than hitherto in the production of superior grades of coal, the Committee hope that the Corporation would take active measures to produce more of coking and superior grades of non-coking coals.

8 (a)

37 Of the 11 new mines developed during the Second Plan period, 7 are in Bihar and only 4 in the outlying fields. 15 million tons in the last year of the plan compared to that of the previous year. Considering the rate of increase in production which would amount to about

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Thus the Second Plan objective of developing new mines in the outlying fields has not been fulfilled by the Corporation to any appreciable extent.

(b)39 The Committee hope that the programme of development of new mines in outlying fields would be vigorously pursued and fully implemented during the Third Plan period at least. The importance of developing outlying areas cannot be over-emphasised or this would not only reduce haulage of coal over long distances but would also result in regional self-sufficiency to a certain extent.

9 40 [It is not clear why the quality of coal in the Chordhara and Sayal 'A' mines, which were given up was not known to the Corporation during prospecting. The Committee consider that the time and money spent on the preparation of project reports was thereby rendered infructuous and could have been avoided.]

10 42 Most of the new mines proposed to be developed in the Third Plan are still either at the project report stage or at the exploratory stage and about fifty per cent of them are expected to go into production in the last two years of the Plan. The Third Plan envisaged that all the new mines would be established by the third year of the Plan period. Thus it would appear that there is again a time lag in the commissioning of new mines in the Third Plan.

11 43 The Committee consider that the preparation of detailed time scheduled of completion of various stages of development of a project are necessary to achieve plan targets and the progress actually made can be watched against such schedules and delays or difficulties, if any, remedied in time. They, therefore, recommend that detailed schedules should be prepared immediately for completion of various stages of development of the new projects in the Third Plan and the progress watched with reference thereto.

12 45 [The Committee are surprised that such an important suggestion made in the Plan regarding the preparation of a completion report, which is aimed at economy and efficiency in working, has been overlooked both by the Corporation and the Ministry. They expect that the valuable suggestions contained in the Plans are taken due note of and implemented. The Secretary of the Ministry undertook to issue necessary instructions in the matter.]

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- 13      46      The Committee appreciate the decision of the Corporation to take over ultimately the detailed drilling work from the Indian Bureau of Mines. They would urge that close co-ordination between the two organisations, should be maintained till the entire drilling work is taken over by the Corporation.
- 14      49      The Committee consider that there is an urgent need to increase the tempo of detailed prospecting to expedite commissioning of new mines and to keep pace with the requirement of coal programme during the Third and subsequent Plans. They trust that the Corporation will take necessary steps to strengthen its Drilling Organisation and take over the entire drilling work within a stipulated time.
- 15      51      The Kargali washery was scheduled to be commissioned by 1st January, 1958, but it actually went into operation in November, 1958 *i.e.* after a lapse of ten months. The Committee feel that with proper planning, it should have been possible to get the washery completed in time. They hope that there would be no recurrence of such delays in future.
- 16      53      [ Even allowing for the low output of 27.2% of the rated capacity in the first year of commissioning, *i.e.*, 1958-59 the performance of the washery has not risen beyond 60% in the three years thereafter and thus has been far below the rated capacity. ]
- 17      57      It is evident that proper care and caution was not observed at the time of inviting tenders for this project as in the absence of project report complete data was not made available to the tenderers. The contract entered into with Japanese firm was also defective as it did not provide for the performance guarantee of the integrated plant and hence they could not be held responsible for ensuring the rated throughput. Repairs and maintenance costing as much as Rs. 1.19 crores during the two years had to be carried out at the cost of the Corporation. It is significant to note that the total cost of the washery itself was Rs. 1.72 crores only. In addition, a period of over three years
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was spent in getting the defects and deficiencies removed, resulting in loss of production and earnings. Even after this the annual production is expected to be 3 lakhs tons less than the original rated capacity of 16.20 lakhs tons as admitted by the Managing Director. The Committee cannot help feeling that the acts of commission and omission in this case have proved to be quite costly. They hope that there will be no repetition of such mistakes in future. In this connection they were assured by the Managing Director that they had learnt a good lesson and that they had better facilities for testing the coal characteristics and that their own engineers had also better experience.

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[ Against the Contractors' estimate of 231 persons, the actual staff employed in the washery in 1961-62 was 503. The Committee note that in foreign countries the coal preparation plants which have 50% higher output than the Kargali washery, employ about 80 men in three shifts. The Managing Director admitted that the present staff strength of the washery was high and undertook to reduce it to the minimum. The Committee can see no justification whatever for over-staffing the washery to such a large extent and hope that it would be reduced to reasonable proportion early. ]

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The Committee consider that the standard cost should have been worked out from the very beginning. The system of payment at cost is not conducive to economy and efficiency. They hope that there would not be any further delay in arriving at the standard cost and that such arrangements would be made in similar cases in the future.

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During the two years viz. 1959-60 and 1960-61 the cost of coal issued free to employees numbering about 50,000 of the Corporation amounted to Rs. 53.67 lakhs representing nearly 2.68 lakhs tons of coal. The Committee feel that by issuing middlings in lieu of coal to staff, it would not only improve the earnings of the Corporation but would also release substantial quantity of good quality coal for industrial and other purposes. They, therefore, suggest that the feasibility of issuing middlings to the staff may be examined by the Corporation.

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- 21      66      The Committee would draw attention to para 11 of the Report in which they have suggested an expansion of scope of the activities of the Corporation. They hope that the Corporation would put the rejects to proper use and thereby avoid the national waste.
- 22      67      [The Committee regret that the economics of the Korba washery project were not fully gone into by the Corporation before entering into contract for the project report. Apart from the expenditure entailed on carrying 500 tons of coal to Laningrad for washability tests and on the deputation of Russian experts etc., a wasteful expenditure of Rs. 5.95 lakhs was incurred on the preparation of the project report alone. They urge that the management should exercise proper care in such matters to avoid waste.]
- 23      (a)70      Against the targetted capacity of 9.5 million tons of coking coal, the Corporation expects to achieve a capacity for 8.84 million tons only by the end of the Third Plan.
- (b)71      There is no definite programme for setting up washeries for non-coking coal by the Corporation with the result that the tentative Third Plan target of washing capacity of 7 to 8 million tons therefor is not likely to be achieved. The setting up of washeries for non-coking coal has not been taken up as yet on account of some differences between the Corporation and the Railways. Why such differences could not be resolved by Government so far is not clear. The Committee recommend that Government should take decisive steps in the matter and ensure that the programme envisaged tentatively in the Plan becomes a reality.
- 24      72      The Committee consider that the setting up of washeries apart from conservation of scarce coking coal resources, would also help in reducing the load on the railways. They consider that the equipping of all new mines in the public sector with suitable washeries would be a step in the right direction and that the matter may be examined without delay.
- 25      73-74      At present coal washeries in the public sector are being managed by two agencies viz. Hindustan Steel Ltd. (Durgapur, Dugda, Bhojudih and Patherdih washeries) and the Corporation (Kargali and all other new
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washeries). The Committee feel that from the point of view of greater efficiency and economy, technical know-how, research etc. it would be advantageous if all the washeries were run by one organisation. They, therefore, recommend that the Ministries concerned may examine the matter whether all the washeries in the public sector may be put under one organisation.

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The existing practice under which the entire work relating to a project, including the preparation of project reports, working drawings, designs, etc. is done by the foreign collaborators, even though the Corporation has the necessary technical know-how to do it, has many drawbacks. First, our own engineers would not be trained in these complex and difficult tasks, and gain the necessary confidence which comes from practical experience. Secondly it entails considerable avoidable expenditure of foreign exchange on the preparation of project reports, etc. as well as on deputation of technicians from and to the collaborating countries to settle details of specifications. The cost of project reports and working drawings of incline/open cast mines, workshop and washeries contracted to the Polish and Russian Collaborators which could have been prepared by the Corporation works out to about Rs. 1.30 crores. The Committee also feel that at present no attempt is made to take advantage of the technical knowledge and experience which may be available within the country in the development of similar projects. They therefore recommend that the Corporation should first prepare project reports, etc. in respect of all its projects for which it has requisite technical competence and thereafter seek necessary technical foreign collaboration in respect of only those specialised and specific items for which there is lack of technical know-how in the country. They are confident that the foreign collaborators who are interested in the all round progress of the country would encourage this process.

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As various other public undertakings have also sought foreign collaboration, the Committee feel that certain principles which should govern the nature and extent of foreign collaboration in a project should be laid down by Government for observance by all concerned. This is necessary to foster indigenous talent and to discourage the tendency to go in for projects on turnkey basis. In this connection they would also invite attention to para 266 of their 35th Report (Third Lok Sabha) on Heavy Electricals (India) Ltd.

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| 28 | 81 | The Committee hope that the number of Polish technicians will be reduced considerably for sinking the second shaft at Sudamdih. It is also desirable if the number of foreign technicians is kept to the minimum and a ceiling on the expenditure relating to them is fixed and incorporated in the Agreements.   |
| 29 | 82 | The Committee suggest that the whole procedure regarding agreements with foreign countries should be examined with a view to simplifying it.  |
| 30 | 83 | There was no penalty clause in the agreements concluded by the Corporation with various foreign collaborators. The representative of the Ministry admitted the need for such a clause. The Committee recommend that the matter may be examined and suitable penalty clause included in all the agreements to ensure timely supply of machinery and its proper performance, etc.   |
| 31 | 86 | The Committee are convinced that the setting up of a central section by the Government to deal with all foreign agreements is very essential not only to bring about a broad uniformity in their terms and conditions but also to provide a repository of experience for handling the complex and intricate problems in regard to foreign agreements. It would also help to obviate many mistakes and misunderstandings which generally arise in the drafting of such agreements and lead to delays. They, therefore, recommend that Government should set up a special cell for the purpose without any delay. |
| 32 | 90 | [The Committee would recommend that immediate steps should be taken by the Corporation to strengthen its Planning and Design Organisation. They also feel that the preparation of a Master Plan for an area, followed up by detailed plan and design for each colliery, as is done in Poland, would be a scientific and economic method of dealing with the exploitation of coal in this country.]  |
| 33 | 92 | As it is stated to take generally from five to eight years from the stage of planning a coal mine to its attaining full production, the Committee cannot over-emphasise the need for a long term perspective plan for coal. The Committee therefore recommend that the work of the Planning Group on coal should be expedited and a comprehensive blueprint of the  |

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requirements of coal for the next 10 to 15 years together with the share of the public and private sectors in its production, the development of various coal-fields, washeries and of the requirements of machinery and manpower drawn up. They would also suggest that the annual production targets aimed at should be related to the investment, as is the practice in U.K.—a suggestion with which the representative of the Ministry seemed to agree.

- 34 94 Out of total production of 8.05 million tons in 1960-61, production from old mines which mostly produce coking coal, was 4.79 million tons. This is expected to go up to about 7 million tons during the Third Plan. The Committee feel that there is need to modernise old mines also. They are unable to accept the plea of labour displacement or redundancy as a valid one for not resorting to their modernisation. Even after mechanisation, the Corporation's target of coal production in the Third Plan and thereafter, would surely need the present labour force though it might call for some displacement and training of workers in the use of new machinery. The Committee would therefore recommend that the question of mechanisation of old mines to the extent possible may be examined at an early date.
- 35 95—97 The Committee would also like to point out that mechanisation is not an unmixed blessing and that it loses much of its advantages if large outputs are not consistently maintained. In the past, especially in 1961-62, there have been cases, when on account of transport or other factors, production was deliberately restricted to about half of the capacity—thereby not only losing much of the benefits of mechanisation, but incurring extra expenditure on idle machinery and manpower. They would, therefore, caution the Corporation that it should ensure complete and proper co-ordination between the production in the mechanised mines and other relevant factors like transport, power, etc. so that the output is sustained and the equipment and manpower are used to the maximum and the best possible advantage.
- 36 100 [The Committee are greatly concerned at the magnitude of the idle capacity of the machinery and men in the Corporation.] It is vital, especially in the present emergency, that the entire resources of labour and

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material be urgently brought into full use. They would recommend that an expert study into the causes of idle capacity both of men and machines be immediately undertaken and effective measures taken to secure optimum utilisation of the installed capacity. The Managing Director admitted the need for a detailed study with regard to machines and methods of work so as to improve the utilisation of machines, maintenance, etc.

- 37    102    [A large quantity of plant and machinery which was imported for Second Plan projects had not been put to use immediately. Most of it is now earmarked for Third Plan projects which are expected to go into production by the end of the Plan period. The Committee feel that adequate caution had not been exercised in indenting for the machinery.] They hope that no time would be lost in commissioning all the plant and machinery.
- 38    106    To reduce dependence on imports and save the much needed foreign exchange, there is an urgent need to establish expeditiously indigenous production of mining machinery, including machinery for washeries. In this connection it is note-worthy that foreign countries have made great strides in building up this industry. For instance, in Poland the production of mining machinery during 1961 was about 1,50,000 tons, out of which machinery worth 60 million dollars, was exported. The Committee hope that decision to set up the second machinery manufacturing plant will be expedited and effective steps taken to commission both the plants as early as possible. They would also suggest that Government might conduct a survey of the existing capacity for manufacture of engineering equipment in the country so that machinery, equipment and spare parts which could be indigenously produced may not be imported from abroad.
- 39    108    The Committee suggest that in view of the obvious advantages to be gained from the point of view of maintenance and spare parts, efforts should continue to be made to achieve standardisation of mining equipment to the maximum extent possible.
- 40    III    [The Committee feel that the present O.M.S. in the Corporation's collieries is low considering the capacity of the very expensive equipment installed. They hope that every effort will be made by the Corporation to improve the O.M.S. to approximate to the standards obtaining in foreign countries.]

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41	113	The Committee hope that suitable wage incentive schemes would be introduced by the Corporation not only in the Karanpura area but also in other collieries of the Corporation which would naturally lead to an increase in output per manshift and reduction in costs.
42	114	The Committee feel that it would be desirable if arrangements are made for providing some refreshments, beverages etc. during certain fixed periods to the miners working underground. They would, therefore recommend that the matter may be examined by the management. In this connection the Committee would also invite attention to para 4 of their 26th Report (Third Lok Sabha) on Action taken by Government on the 84th and 90th Reports on Ministry of Labour and Employment.
43	117	[The Committee consider that the output of the workshop which was 50% of the estimate in 1961-62 was very low. Compared to investment the turnover was not even one-fourth as against the norm of 1:1.] Considering that the imports of spare parts by the Corporation in 1961-62 alone amounted to Rs. 81.40 lakhs, it is very necessary that the output of the workshop should be stepped up considerably so as to reduce dependence on imports. The Committee recommend that urgent steps should be taken in this direction.
44	120	[The Committee consider the system of providing helpers to the skilled workers as an antiquated one and not at all suited to the present day industrialised society. They regret that such a system was at all allowed to grow in the public undertakings and recommend that immediate steps should be taken to do away with it.] The Managing Director admitted that this malady had to be remedied.
45	123	The Committee hope that the proposed review of Coke Oven Plant will be undertaken without any delay and working of the plant will be placed on a sound economic footing.
46	125	The Committee consider that it would be economical and profitable to pool the printing requirements of various public undertakings located at Ranchi and to set up a common press for all of them. They recommend that the matter may be examined by Government which the representative of the Ministry undertook to do.

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47	129	<p>The Committee are of the view that the transport bottleneck in the Second Plan arose primarily due to lack of co-ordination at different levels. The Corporation did not plan its programme of coal production having regard to the capacity of the Railways to lift it. It was possible for collieries to produce more coal at short notice but unless it could be moved speedily from the pitheads, the problem of accumulation of stocks, resulting in locking up of capital, possibilities of fires, pilferage etc. was apparent. The Committee hope that there would be no lack of coordination in regard to transport in the Third Plan and sustained efforts would be made by all concerned to remove in time difficulties, if any.</p>
48	130	<p>The Committee feel that the detention of wagons may have aggravated the transport difficulties and accumulations at pitheads in the past. It is essential that quick turnover of wagons be ensured. They recommend that immediate steps may be taken by the Corporation to secure quick loading of wagons at the collieries.</p>
49	132	<p>The Committee consider that it should be possible to reduce the present time-lag in providing siding facilities to the new collieries to the minimum, if not altogether eliminate it, by expediting prospecting work and the preparation of project reports. They hope that the Corporation would take suitable steps to this end.</p>
50	135	<p>The Committee trust that the Ministry would take steps to ensure that the work of laying transmission lines by the State Electricity Boards especially the Madhya Pradesh Electricity Board to the projects of the Corporation is completed in time and that there would be no hold up in their progress for want of power supply.</p>
51	139	<p>The Committee consider that there are no special advantages in having a part-time Chairman. During evidence the Managing Director as well as the Secretary of the Ministry agreed that the posts of the Chairman and the Managing Director could be combined. In fact, in the case of another mining enterprise viz. Neyveli Lignite Corporation and the Indian Oil Company under the same Ministry the two office</p>

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once separate have been combined. The Committee would therefore recommend that the posts of the Chairman and the Managing Director of the Corporation should be combined and the Chairman should be the Chief Executive.

- 52      144      [While there may be some justification for having representatives of the Administrative and Finance Ministries on the Boards of public undertakings, the present practice of appointing representatives of other Ministries thereon is not sound. Such representatives very often have neither the requisite experience nor the time necessary to direct the affairs of the undertaking.] For instance, the Committee observed that the representative of the Railways attended only 17 out of 33 meetings held during the last 3 years. During the year 1959-60 he attended only 4 out of 13 meetings. The Committee, therefore, recommend that the Board of Directors of the Corporation may be broad-based by appointing suitable technically qualified persons. In this connection the Secretary of the Ministry agreed that the Director of Central Fuel Research Institute could usefully be appointed on the Board of the Corporation.
- 53      145      No decision appears to have been taken so far on the earlier recommendation of the Committee to define in broad terms the qualifications of the Chairman and Members of the Board of Directors of industrial undertakings in the public sector on lines similar to those prescribed in the statutes of nationalised industries in U.K. The Committee consider that a decision in the matter is long over due. They reiterate the recommendation and trust that Government would soon define the qualifications of the Chairman and Members of the Boards of public undertakings keeping in view the tasks to be performed and the requirements therefor.
- 54      146-149      Generally the Board has endorsed the proposals made or the decisions taken by the Managing Director. In fact, it transpired during evidence that mainly project reports prepared by the technical officers of the Corporation were discussed at the Board Meetings and in rare cases changes were made therein at the Board level. The Committee have already commented on certain features regarding planning, production, transport arrangements etc. of the Corporation. They consider that the constant exercise of leadership at the highest level is of prime importance
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for the success of any undertaking. In their opinion, the tasks of the Boards of public undertakings should include:—

- (a) formulating policy;
- (b) co-ordinating and progressing effectively its execution;
- (c) evaluating the performance of management;
- (d) stimulating developments;
- (e) raising the standards of management;
- (f) collecting, introducing and disseminating information and new ideas;
- (g) establishing common executive and administrative practices; and
- (h) ensuring proper accounting and efficient utilisation of finances.

They would, therefore recommend that the desirability and necessity of laying down specifically the tasks of the Boards of Directors of public undertakings on some-what the above lines may be examined by Government.]

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The Committee consider that the size of the organisation and the volume of work in the Corporation are expanding rapidly. In the Third Plan it is required to raise about 32 million tons of coal and in the subsequent plans its operations are bound to become large and manifold. It has to exploit virgin areas in various States for which vast preparations and advance planning are essential. It is, therefore, desirable that in such a large organisation one or a group of allied activities are made the particular concern of a member of the Board with specified duties, care being taken to avoid duplication and overlapping. Such a functional Board would not only provide collective leadership for the Corporation but would also make the fulfilment of its tasks easier. The Committee, therefore, recommend that the question of appointing more full-time Members on the Board of Directors of Corporation may now be examined.

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(a) 153

[It is seen that the Sixth Annual General Meeting of the Corporation was held at New Delhi on the 28th September, 1962. Thus the provisions of the Companies Act and the Articles of Association in this regard were not complied with.]



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(b) 155 Evidently most of the ordinary meetings were held at New Delhi for the convenience of the official Directors, as admitted by the representative of the Ministry. This supports the view of the Committee expressed in para 144 that the official part-time Directors do not have adequate time to devote to the affairs of the Corporation.

Even though the articles of association are silent on the matter of venue for ordinary meetings, the Committee consider it desirable that normally they should be held at the Registered Office itself where the full assistance of the Secretariat of the undertaking will be readily available. Meetings at places outside the Registered office should be held only in exceptional circumstances. Otherwise if the meetings are held in Delhi not only will such secretarial assistance not be available but there will be other engagements for the members of the Board which may not make for calm and undivided attention being paid for the subjects under discussion.

57 158 The Committee consider that after the Board is reconstituted as already suggested, it might be advisable to have Committees to deal with matters like personnel, organisation, finance, safety and health etc. to assist the Board in its tasks. The Committee, therefore, recommend that the desirability of setting up such Committees may be examined.

58 (a)165 Evidently there is no uniformity of thinking as to the appropriate organisational pattern for the Corporation. Currently there are two views—one to continue the existing pattern and the other to form subsidiary companies region-wise or State-wise, leaving the central body i.e. the Corporation to concentrate on policy making, planning, direction and overall supervision, etc. The Committee are of the view that the devising of a suitable organisational structure for the Corporation is of the highest importance. They consider that the recently formed areas should be the main and vital management units. In that case the Corporation would be left free to concentrate on planning, direction, co-ordination and the providing of common services. It would also be worthwhile to examine whether a decentralised and quasi-federal structure on the lines of the French Coal Industry or the British Gas and Electricity Industries would be suitable for the Corporation.

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| (b)167 | <p>In view of the divergent views on the organisation pattern for the Corporation expressed by the Managing Director and the Indian Productivity Team in their report, the Committee consider that it is desirable to have the organisational structure and procedures reviewed by a Committee. The Report of this Committee may be laid on the Table of the House. The Managing Director agreed that it would certainly be good idea if the Government undertook a review of the existing procedure and organisation.</p> |   |
| 59     | 168  | <p>The Committee feel that it would be useful to set up Consultative Committees similar to that in Korba in other areas also and they should be charged with some specific responsibilities—a suggestion with which the representative of the Ministry readily agreed. They would, therefore recommend that suitable Consultative Committees may be appointed in all the areas to assist and advise the Area General Managers in their tasks.</p>   |
| 60     | 17   | <p>The Committee are surprised to note that the public undertakings have to set up their Liaison Offices in Delhi to chase references made to the Ministries/ Departments as private parties may be prone to and have to spend considerable amounts on their establishments. It is not too happy a reflection on the working of the Ministries and Government Departments. It would be necessary to streamline Government procedures which delay matters and hamper speedy disposal of work and thus necessitate the setting up of the Liaison Offices.</p> <p>[The Committee recommend that Government may review the need for the various Liaison Offices of the Public Undertakings in Delhi. The setting up of these various separate offices necessarily involves considerable expenditure. In case it is still found necessary to have such offices, the feasibility of having a common building to accommodate the offices of the undertakings as well as the pooling of guest quarters, staff cars etc. may be examined.]</p> |
| 61     | 174  | <p>The Committee are not convinced of the need for Liaison office of the Corporation at Calcutta which seems to be meant mainly for ensuring wagons and sidings facilities. These matters could as well be attended to by the Headquarters at Ranchi. They recommend that the matter may be reviewed.</p>   |

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62	176	The Committee would recommend that the desirability of setting up a separate agency for dealing with work relating to customs clearance, transportation etc. of all the public undertakings at Calcutta may be examined by Government—a suggestion which the representative of the Ministry felt was worthy of consideration.
63	182	The Committee deplore the delays in according Government approval to the projects reports submitted by the Corporation. They consider that once the project reports and other proposals had been thoroughly sifted and scrutinised by the Board, it should not entail any delay at the Ministry's end. They, recommend that immediate steps should be taken to streamline the procedure with a view to expedite such matters.
64	185	The Committee consider that the Ministry should not remain content with just approving the project reports and leaving the undertaking itself to do the rest of it. They feel that there should be a constant review of progress of the projects and an evaluation of their performance. This should be possible by prescribing suitable periodical reports so as to enable the Ministry to watch the progress and performance with reference to the approved schedules and project reports. The Committee would therefore recommend that the desirability of laying down suitable proforma in this regard may be examined by Government.
65	187	The Committee are glad to note that the Secretary of the Ministry agreed to have a small cell which could devise a suitable proforma of returns and process the information received from the undertakings.
66	189	The Financial Controller's report for a quarter has been submitted after over two months. The Committee are not happy over the long time taken in the submission of quarterly reports by the Financial Controller. They recommend that a suitable time limit as also an appropriate form for these reports should be laid down by Government.
67	193	Different procedures have been followed by the Government of India in the case of Madhya Pradesh and West Bengal Governments in the matter of participation of States in exploitation of coal resources. While in the former case a partnership agreement

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in respect of Korba mines has been entered into, in the latter case, the State Government has been allowed to develop its own mines and produce coal for the States projects. Evidently the decision of the Central Government to permit the West Bengal Government to develop new mines on their own was not strictly in consonance with their policy of not allowing the States to have their own captive mines. The Committee feel that the policy of Government in this matter needs clarification. They, therefore, recommend that the policy of the Government regarding participation of States in the exploitation of coal may be laid down definitely.

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The Committee have discussed in the Report the high staff strength in the Karagali washery, Barkakana workshop and Giridih mines. They consider that the staff in all the collieries and at Headquarters is on the high side. It is also observed that the staff strength in the project reports of collieries with the same production targets differ from each other. For instance, while target of production for Sayal 'D' and Bachra collieries (both underground) by 1965-66 is 0.50 million tons each, the staff strength envisaged in their project reports is 263 and 199 respectively. They would, therefore, recommend that a review of the present staff strength of the Corporation may be undertaken immediately with a view to reducing the same. It is also necessary that the present methods for determination of staff strength are rationalised.

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There have been very quick promotional jumps especially in the Mining Engineers Service in the Corporation. The Committee are surprised to note that the Corporation should have resorted to such accelerated promotions without having regard to even the minimum length of service required to be rendered by an officer in the lower grades. While it is important that the senior posts in public undertakings should reasonably be filled from within the undertaking, the rapidity with which such promotions are made should broadly correspond to the opportunities available to similarly qualified persons in other public undertakings and Government service. Apart from other considerations, this is necessary to avoid the drift of technical persons from one undertaking to another. It is also essential that the senior officers acquire the requisite training and experience before they are promoted. Too early a promotion may tend to create stagnation at

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the higher places and give rise to discontentment among them. The Committee recommend that the matter may be examined by Government in a comprehensive manner. It is desirable to bring about some rationale and uniformity in the present mode of promotions in various public undertakings. The Managing Director agreed that there should be some rationale as also uniformity in this matter among various public undertakings.

- 70 206—209 No decision seems to have so far been taken by Government on the earlier recommendation of the Committee regarding the setting up of a separate Public Service Commission for recruitment to posts in the public undertakings. The Committee consider that the problem is one of reconciling the requirements for public responsibility and regularity on the one hand and adequate business and commercial freedom to the greatest possible extent on the other. They feel that the solution lay in establishing a Personnel Commission, similar to the U.P.S.C. for public enterprises, staffed by people with business experience who understand the personnel needs of the public sector. The functions of such a Commission should *inter-alia* be to examine and approve the terms and conditions of service, recruitment, promotion and other personnel policies devised by various public undertakings and prescribe model rules. The Commission can also provide members for being co-opted on departmental recruitment and promotion committees of public undertakings. While, therefore, reiterating their earlier recommendation, the Committee would urge that Government decision may be taken at an early date in the light of the above observations.
- 71 210 [ It is seen that higher initial salaries were given to technical personnel in the Corporation. The Committee consider that higher initial salaries should not be given as a matter of course but to really competent persons. ]
- 72 212 The Committee regret that the Corporation had not maintained records of employment of scheduled castes/scheduled tribes and local personnel. They hope that necessary records would be maintained atleast now.
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73	214	Since coal mining is highly technical and the working is in shifts, the absenteeism of regular workers at the present high rate is likely to cause considerable loss in production. The provision of attendance bonus does not appear to have had the desired effect. The Committee would recommend that more effective steps should be taken by the Corporation to reduce the present incidence of absenteeism among the workers, at any rate to see that it does not go above the all India average.
74	217	The Committee are of the opinion that the increase of 66% in the estimates from Rs. 101 to Rs. 166 crores is unusually high and that the preliminary estimates should be more realistically framed.
75	219-221	The ratio of total capital to sales has been fluctuating from year to year and has ranged round 1 : 0.22 to 1 : 0.30 during the last four years. Even if the capital employed on collieries under commercial production is taken into account, the ratio of total capital to sales works out to 1 : 0.35 in 1960-61 and 1 : 0.30 in 1961-62.
		[The Committee consider that the capital output ratio of the Corporation is very low. They are unable to accept the plea of high capital investment on mechanised mines as a valid one for the unduly low turn-over of the Corporation. They feel that the turn over of capital in mechanised mines should be more than that in the non-mechanised ones.] While the Committee were not informed about the normal ratio in this regard in foreign countries they feel that the ratio of capital employed on the collieries under commercial production to sales should be at least 1 : 1. It is thus evident that efforts will have to be made by the Corporation to improve the utilisation of the capital by increasing the production in the collieries to the optimum capacity.
76	222	The Committee regret to observe that in spite of a written enquiry from them, neither the Ministry nor the Corporation could furnish any information regarding the normal turnover of such concerns in other countries. In this connection they would invite attention to para 38 of their 157th Report (Second Lok Sabha) on NEPA Mills Ltd., wherein they had stressed the need for collection of such norms

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by all public undertakings to enable their performance to be properly assessed.

- 77(a) 223-224 The maximum rate of profitability reached by the Corporation during the last four years was in 1960-61 when the percentage of gross profits to total capital stood at 2.8. Likewise the percentage of gross profits to capital employed on collieries under commercial production was 4 and of gross profits to sales was 11.3. The percentage of net profits to net worth too was only 4.2. [The profitability of the Corporation is even less than 50% of that in the private sector and is about 36% of what was envisaged by the Coal Price Revision Committee.]
- (b) 226 [The Committee consider that the present return on the capital and net worth of the Corporation is very low. In their various reports the Committee have emphasised the need for the public undertakings securing a reasonable return on the capital invested in them. They hope that the Corporation would make an all out effort to improve its profitability by increasing efficiency and effecting economy.] The Managing Director agreed during evidence that the percentage of net profits to capital employed should normally be 10 and assured that this rate would be attained by the Corporation when it reached full production. The Committee expect that the performance of the Corporation should compare favourably with that of the private sector.
- 78 228 The Committee hope that the Corporation will take suitable measures to reclaim the Sawang and Jarangdih collieries urgently.
- 79 230 The major factor responsible for losses in Giridih collieries was the redundancy of staff. Apart from the fact that surplus staff casts a heavy financial burden on the collieries, their existence also tends to effect the general efficiency of the organisation. The Committee, therefore, recommend that the problem of surplus staff should be resolutely tackled by the Corporation.
- 80 231 [The Committee regret that the Corporation should have proceeded with the Bachra project in haste without collecting full data which resulted in a loss of over Rs. 25 lakhs in two years.] They hope that immediate steps would be taken by the management to improve the working of the colliery.

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81	234	The Committee consider that since the share capital of public undertakings is financed from borrowing on which Government pays in interest ranging between 4 and 4½%, it is reasonable to expect that they should declare some dividend which should cover not only the interest charges on its share capital but much more.
82	238	The Committee are of the opinion that since plant and machinery in the coal industry are prone to rapid wear and tear, the normal rate of depreciation at historic value is not likely to prove adequate. They, therefore, recommend that the policy regarding provision of depreciation may be reviewed by the Management.  They would also suggest that the question of providing depreciation on replacement cost basis, as in U.K., by all the public undertakings may be examined by Government.
83	240	Out of a total capital expenditure of Rs. 42.43 crores incurred during the Second Plan period, the expenditure on expansion programme alone was Rs. 38.11 crores, the balance being on maintenance of existing production capacity. Thus only about 5% of the expenditure could be met from internal resources for financing the expansion programmes. The Committee consider that there is a general need for public undertakings to build up adequate reserves. It is necessary in the national interest for these undertakings in the long run to make a substantial contribution towards the cost of their capital development out of their own earnings. In normal circumstances the desirable level of reserves should be related to the amount of the paid-up capital. In this connection the Committee would also draw attention to para 58 of their 157th Report (Second Lok Sabha) on NEPA Mills Ltd., wherein they have recommended that Government should lay down a policy for the creation of various kinds of Reserves by public undertakings.
84	243-244	A total capital investment of Rs. 133.67 crores is estimated to be made by the Corporation during the Third Plan period. Thus the internal surplus of Rs. 26.96 crores would be adequate to meet only about 20% of the capital requirements of the Corporation. Further the percentage of net profit to share capital on collieries under revenue which is only 0.57% in



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1961-62 would be 5.33% in 1965-66. The Committee feel that the term 'surplus' need to be defined clearly and have referred to it in para 245. They hope that the estimated surplus would not only be realised by the Corporation but efforts made to increase the same.

- 85      245      The Committee consider that the net profits for the purpose of surplus should be arrived at after deducting taxation. In this connection, they would invite attention to para 26 of their 120th Report (Second Lok Sabha) on Sindri Fertilisers Corporation Ltd. (now Fertilizers Corporation of India) wherein it had been suggested that the term net profits should be used to mean only disposable profits which remain for dividend distribution and for reserves. They would, therefore, recommend that the matter may be examined by Government in consultation with the Comptroller & Auditor General and the precise meaning of the term 'surplus' defined.

They would also suggest that the surpluses expected of the various public undertakings during the Third Plan period may be laid down so that they may make efforts to realise the same.

- 86      248      [The Committee are of the opinion that the public undertakings in the country are working for quite sometime and sufficient experience is available now which could enable suitable standards to be laid down. They therefore recommend that broad principles regarding the financial and economic obligations of the public undertakings in the country should be laid down by the Government as early as possible] and a copy thereof laid on the Table of the House.

- 87      252      [In 1961-62, the book debts constituted about 55% of the sales which amounted to Rs. 1331 lakhs in that year. The Committee do not feel happy that a commercial undertakings like the N.C.D.C. should have allowed such outstandings to accumulate especially from customers like the Railways whose representative functions on its Board of Directors. They consider the accumulation of these heavy outstandings as unbusiness-like particularly when the Corporations had to borrow large amounts of money from the Government for working capital. The

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Committee recommend that special measures should be taken immediately by the Corporation to recover its outstandings and to prevent their accumulation in future.]

- 88      257      [The present total value of inventories which work out to about 4 to 6 years requirements at the present rate of consumption is apparently very excessive.] Further the bulk of these stores and spare parts are imported entailing heavy foreign exchange expenditure. The import of 15% of spare parts along with the machinery hardly explains the present high stocks. The Committee regret that the management should have allowed the inventories to accumulate to such an extent. The Ministry also do not appear to have exercised proper checks before sanctioning foreign exchange. Apart from locking up of capital involved in excessive accumulation of stocks, there is the danger of deterioration, wastage and pilferage. It also necessitates construction of extra storage godowns and employment of staff for their care and custody. [The Committee recommend that immediate steps should be taken by the Corporation to reduce the present inventories as also to obviate any unnecessary accumulation of stores in future by changing the procurement procedure suitably.]
- 89      259      The Committee consider that under the present practice of valuation of closing stocks, the financial position of the working of a year is not truly reflected. In this connection they find that in the National Coal Board, U.K. though the stocks are valued at selling prices they are accounted for in the accounts of the year concerned after making specific provisions for loss, degradation, lifting and marketing expenses etc. assessed in the light of all the circumstances. They would, therefore, recommend that the existing procedure in regard to the valuation of stocks may be reviewed.
- 90      260      The Committee expect that steps to draw up a programme for examination of cost accounting systems of the various public undertakings by the Cost Accounts Branch would be taken according to the Government decision and recommend that the adequacy or otherwise of the existing cost accounting system followed by the Corporation should be examined by the Cost Accounts Branch of the Finance Ministry at an early date.

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91	262	The Committee recommend that Government should prescribe forms of management accountancy and it should be enjoined on each public undertaking to introduce the same from the very beginning.
92	263	The Corporation has not so far prepared programme- <del>cum</del> -performance budget. During evidence, the Managing Director hoped that such a budget would be included in the Annual Report for 1962-63. The Committee trust that this would be done.
93	264	The Committee recommend that the Corporation should include summarised Profit and Loss Accounts of collieries area-wise in the Annual Reports. Further these reports should be made more informative regarding the various activities of the Corporation and among other things include a map indicating the location of various collieries, directives, if any, issued by Government, etc.
94	267	The Committee are not happy that the Corporation's sales to private parties should be confined to a few big dealers. They feel that the tendency for dealership to get into the hands of monopolists should be discouraged by public undertakings as far as possible. They therefore, recommend that the present sale policy of the Corporation and the rules governing it should be reviewed with this end in view. The sale policy and the conditions should also be given the widest publicity as was agreed to by the Managing Director.
95	271	[The Committee are concerned at the existence of such a large unutilised capacity in the training schools of the Corporation. They recommend that early steps be taken to utilise the full capacity of the training facilities if need be by making this available for use by the private sector on suitable terms.]
96	274	The Committee consider that there could have been a better selection of subjects for foreign training having regard to the requirements of the Corporation. They feel that officers should be sent abroad for training in carefully selected specialised subjects only like designing, sinking of deep shafts, construction of washeries, underground transport systems etc. for which the requisite know-how is not available in the country. The period of training should be such

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		<p>as would enable the person concerned to really benefit from the training. The Managing Director admitted that the present short period training in subjects like repairs and maintenance was not sufficient. The Committee would, therefore, recommend that a suitable programme of training abroad may be evolved by the Corporation in the light of the observations made above.</p>
97	275	<p>The Committee trust that Government would arrange to include a clause regarding training of Indian personnel in designing and other specialised processes wherever necessary in the agreements entered into by public undertakings with foreign countries.</p>
98	278	<p>The Committee feel that there is scope for reduction in the costs of construction in the various townships. It is vital that maximum economy should be effected in these matters especially in the present emergency and efforts should be made to provide housing at cheaper cost. Further it would be desirable if standard specifications and designs of each class of quarters are laid down by Government on a regional basis. They recommend that suitable steps should be taken towards this end.</p>
99	279	<p>Out of 1019 quarters constructed at the Barkakana Township, about 500 were not put to use immediately. The Committee regret that the Corporation should have constructed a large number of quarters in excess of its immediate requirements which had to be kept vacant. It may be noted that the staff in the workshop is on the high side as stated in para 120. Thus there has been lack of planning in phasing the construction programme. The Committee hope that the management would avoid such situations in future.</p>
100	281	<p>The Committee consider that Government should lay down standards in matters like industrial housing etc. in the very beginning so as to avoid anomalies at a later stage. Since the standards now laid down by Government are intended to secure maximum economy in the construction costs and uniformity in all Public undertakings, it should be ensured that they are strictly followed by them.</p>
101	284	<p>[The Committee consider that the progress in associating labour with management in the Corporation's collieries</p>

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		has so far been slow and its results are also not encouraging. They hope that the Corporation will take all steps to make the scheme a success and introduce it in all the collieries as early as possible.
102	287	The Committee understand that in certain other countries, schemes for filtered water supply are taken up along with a project. They would suggest that the desirability of taking up schemes for filtered and protected water supply simultaneously with a project may be examined.
103	291	It is well known that there are great health hazards in working in mines and its environments. The Committee, therefore, recommend that the desirability of prescribing suitable periodical health checks for the employees of the collieries may be examined by Government.
104	292	The Committee would commend for adoption in at least the bigger projects of the Corporation, the pattern of the Employees' Co-operatives of the Neyveli Lignite Corporation which are stated to meet practically the entire domestic needs of the employees.
105	295	The Committee consider that there is room for improvement in the safety standards of the Corporation and that the present rate of accidents could be brought to the level of U.K. Coal Board. They feel that efforts should be made by the Corporation to bring home to every employee the need for maximum attention to safety through exhibitions, competitions, training courses, films, booklets and in other ways.

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## APPENDIX V

### *Analysis of Recommendations contained in the Report*

#### I. CLASSIFICATION OF RECOMMENDATIONS

##### A. Recommendations for improving the organisation and working:

Sl. Nos. 4, 5, 6, 11, 12, 14, 15, 17, 22, 25, 26, 27, 29, 31, 32, 33, 34, 35, 36, 37, 41, 43, 45, 47, 48, 49, 50, 51, 52, 54, 55, 57, 58, 59, 69, 70, 73, 75, 77, 78, 79, 80, 87, 88, 96.

##### B. Recommendations for effecting economy or for increasing the earnings :

Sl. Nos. 2, 18, 20, 21, 28, 44, 46, 60, 61, 68, 95, 98.

##### C. Miscellaneous :

Sl. Nos. 1, 3, 7, 8, 9, 10, 13, 16, 19, 23, 24, 30, 38, 39, 40, 42, 53, 56, 62, 63, 64, 65, 66, 67, 71, 72, 74, 76, 81, 82, 83, 84, 85, 86, 89, 90, 91, 92, 93, 94, 97, 99, 100, 101, 102, 103, 104, 105.

#### II. ANALYSIS OF IMPORTANT RECOMMENDATIONS DIRECTED TOWARDS ECONOMY

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Sl. No.	No. as per summary of recommendations	Particulars
1	28	Reduction in the number of Polish technicians for Sudamdih project.
2	44	To do away with the system of providing helpers to skilled workers suggested.
3	60	Review of need for Liaison Offices of Public Undertakings in Delhi suggested.
4	61	Review of need for Liaison Office at Calcutta, suggested.
5	68	Reduction in staff strength suggested.

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## DELHI

34. Jain Book Agency, Connaught Place, New Delhi.
35. M/s. Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.
36. Atma Ram & Sons, Kashmir Gate, Delhi-6.
37. J. M. Jaina & Brothers, Mori Gate, Delhi-6.
38. The Central News Agency, 23/90, Connaught Circus, New Delhi.
39. The English Book Stall, 7-L, Connaught Circus, New Delhi.
40. Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.
41. Lakshmi Book Stores, 42, M.M. Janpath, New Delhi.
42. Kitab Mahal (W.D.) (Private) Ltd. 28, Faiz Bazar, Delhi.
43. Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.
44. Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.
45. Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.
46. People's Publishing House, Rani Jhansi Road, New Delhi-1.
47. Mehra Brothers, 50-G, Kalkaji, New Delhi-19.
48. Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6.
49. The United Book Agency, 48, Amrit Kaur Market, Paharganj, New Delhi.

50. Hind Book House, 82, Jan Path, New Delhi.

51. Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.

## MANIPUR

52. Shri N. Chaoba Singh, Newspaper Agent, Ramia Paul High School, Anzeze, Imphal, Manipur.

## AGENTS IN FOREIGN COUNTRIES

### U.K.

53. The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.

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