

COMMITTEE ON PUBLIC UNDERTAKINGS (1968-69)

(FOURTH LOK SABHA)

TWENTY-FIFTH REPORT

PRAGA TOOLS LTD.

Paras in Section IV of Audit Report (Commercial), 1968

MINISTRY OF DEFENCE
(DEPARTMENT OF DEFENCE PRODUCTION)



LOK SABHA SECRETARIAT
NEW DELHI

28-374A

K8

February, 1969/Magha, 1890 (Saka)

Price : Re 0.65

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS**

Sl No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
ANDHRA PRADESH					
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam)		12.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30
2.	G.R. Lakshminipathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	94	13.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60
			14.	Deccan Book Stall, Ferguson College Road, Poona-4.	65
ASSAM					
3.	Western Book Depot, Pan Bazar, Gauhati.		15.	M/s. Usha Book Depot, 585/A, Chira Bazar, Khan House, Girgaum Road, Bombay-2 BR.	5
BIHAR					
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.	37	MYSORE		
			16.	M/s. Peoples Book House Opp. Jaganmohan Palace, Mysore-1.	16
GUJARAT					
5.	Vijay Stores, Station Road, Anand.	35	RAJASTHAN		
6.	The New Order Book Company Ellis Bridge, Ahmedabad-6.	63	17.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	38
HARYANA					
7.	M/s. Prabhu Book Service, Nai Subzimandi, Gurgaon, (Haryana).	14	UTTAR PRADESH		
			18.	Swastik Industrial Works, 59, Holi Street, Meerut City.	2
MADHYA PRADESH					
8.	Modern Book House, Shiv Vilas Palace, Indore City.	13	WEST BENGAL		
MAHARASHTRA					
9.	M/s. Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-2.	6	20.	Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24 Parganas.	10
10.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22	21.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
11.	The International Book Service, Deccan Gymkhana, Poona-4.	26	22.	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akkur Lane, Calcutta-12	82
			23.	M/s. Mukherji Book House, 8B, Duff Lane, Calcutta-6.	4

C O R R I G E N D A

Twenty-fifth Report of the Committee on Public Undertakings on the Praga Tools Ltd. - Paras in Section IV of Audit Report (Commercial), 1968 - presented on 21.2.1969.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
11	-	2	Rs.2:60 lakhs	Rs.2.60 lakhs
11	3.15	11	<u>delete</u> 'may be'	
20	4.1	1	Summarise	summarises
21	-	In the foot note.	<u>delete</u> 'of'	

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
I. INTRODUCTORY	I
II. PROJECT ESTIMATES	2
III. TARGETS AND ACHIEVEMENTS :	
(A) Delay in completion of the Projects	6
(i) C. V. A. Drill Chuck	7
(ii) Pratt Lathe Chuck	10
(iii) Tool and Cutter Grinder (Stage III)	12
(iv) Milling Machine	13
(B) Production Performance :	
(i) Machine Tool Division	14
(ii) Foundry	18
IV. FINANCIAL RESULTS :	
(A) Financial Position	20
(B) Working Results	21
V. LABOUR UTILISATION	23
VI. SURPLUS MACHINERY	25
VII. CONCLUSION	28
APPENDIX	
Summary of Conclusions/Recommendations.	29

**COMMITTEE ON PUBLIC UNDERTAKINGS
(1968-69)**

CHAIRMAN

Shri G. S. Dhillon

MEMBERS

2. Shri C. C. Desai
3. Shri Surendranath Dwivedy
4. Shri Bhogendra Jha
5. Shri S. S. Kothari
6. Shrimati T. Lakshmikanthamma
7. Shri Krishnan Manoharan
8. Shri S. N. Shukla
9. Shri Prem Chand Verma
10. Shri Chandrajeet Yadava
11. Shri N. K. Bhatt
12. Shri M. L. M. Naidu
13. Shri Gaure Murahari
14. Shri Rajendra Pratap Sinha
15. Shri D. Thengari.

SECRETARIAT

Shri A. L. Rai—*Deputy Secretary.*

Shri M. M. Mathur—*Under Secretary.*

INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to present the Report on their behalf, present this Twenty-fifth Report on the Praga Tools Ltd.

2. This Report is based on the examination of audit paras relating to the Praga Tools Ltd. contained in Section IV of Audit Report (Commercial). 1968.

3. The Committee took evidence of the representatives of the Praga Tools Ltd. and the Ministry of Defence (Department of Defence Production) on the 30th August, 1968.

4. The Report was considered and adopted by the Committee on the 24th December, 1968.

5. The Committee wish to express their thanks to the officers of the Ministry of Defence (Department of Defence Production) and the Praga Tools Ltd. for placing before them the material and information that they wanted in connection with their examination.

6. The Committee also place on record their appreciation of the assistance rendered to them in this connection by the Comptroller and Auditor General of India.

NEW DELHI;
February 9, 1969.
Magha 20, 1890 (S).

G. S. DHILLON,
Chairman,
Committee on Public Undertakings.

INTRODUCTORY

The Praga Tools Corporation Limited, Secunderabad (subsequently renamed as Praga Tools Limited) was incorporated as a Public limited company on 28th May, 1943 for the manufacture of high speed cutting tools and measuring instruments. On 31st March, 1959 the company became a Government company under the administrative control of Ministry of Commerce and Industry, when the Government of India acquired 2,00,000 shares worth Rs. 70 lakhs (51.5 per cent of the paid-up share capital). In order to facilitate the more effective utilisation of the capacity available in the company for the production of Defence items, the Government of India placed the Company under the administrative control of the Ministry of Defence with effect from 19th December, 1963.

II

PROJECT ESTIMATES (PARA 3—PAGE 88)

2.1. The following table indicates the original estimates, revised estimates and the actual expenditure as on 31st March, 1967 in respect of the various projects undertaken by the Company:—

(Rs. in lakhs)

	Original estimates.	Revised estimates.	Actual expenditure as on 31-3-67
1. U.K. Collaboration Project:			
C.V.A. Drill Chuck, Pratt Lathe Chuck & Tool and Cutter Grinder	123·20	144·34	90·44
2. Surface Grinder	25·17	35·91	0·54
3. Milling Machine	71·20	99·64	21·88
4. Defence Projects:			
(a) Barrel Carbine	19·57	21·64	17·64
(b) Breech Block	25·25	25·25	18·09
5. Forge Shop Expansion	74·10	93·89	84·40
6. Foundry rehabilitation	5·37	..	6·09

2.2. The increases in the revised estimates over the original estimates have been attributed by the Management to (i) increase in prices of the machinery, (ii) enhancement of customs and other regulatory duties, and (iii) impact of devaluation.

2.3. Regarding the extent to which each of these factors were responsible for upward revision of the estimates the Committee

were informed as follows:—

(Rs. in lakhs)

Name of the Project	Foreign exchange increase due to devaluation (57% increase in value over the original foreign exchange estimate unspent as on 6-6-1966)	Indian expenses Customs, insurance, and handling charges).	Nominal 10% increase on the unutilised portion of the indigenous content of machinery only to provide for possible increase in prices.	Total
1. U.K. Collaboration Project CVA Drill Chuck, Pratt Lathe Chuck and Tool and Cutter Grinder	13.00 (53.4%)	11.34 (46.6%)	Nil	24.34*
2. Surface Grinder	8.63 (80.3%)	1.83 (17.0%)	0.28 (2.7%)	10.74
3. Milling Machine	16.40 (57.6%)	10.75 (37.7%)	1.29 (4.7%)	28.44
4. Barrel	1.08 (52.1%)	0.99 (47.9%)	Nil	2.07
5. Forge Shop	10.31 (52.1%)	9.03 (45.6%)	0.45 (2.3%)	19.79

2.4 In reply to the question whether customs and excise duties were included in the original estimates, the Committee were informed that except in the Milling Machine Project, in all other projects the customs duty (including Insurance, Handling and Freight in India) was provided at the rates prevailing at the time of preparation of the original estimates. In the Milling Machine Project no provision was made for customs duty, insurance, handling and freight in India. At the time of revision of estimates after devaluation, customs duty (including Insurance, Handling and Freight in India) was provided at 33.13 per cent on the post-devaluation outstanding C & F value of foreign exchange. The omission to provide customs duty etc. in the original estimate of the Milling Machine Project was also rectified at the time of revision of estimates that took place on 30th July, 1966.

*The total outlay on these three projects was originally envisaged at Rs. 123.20 lakhs. On a subsequent review, it was found that the three projects could be completed in Rs. 120 lakhs and this increase is with reference to the revised estimate of Rs. 120 lakhs.

2.5. As regards actual expenditure incurred upto 31st March, 1968, the Committee were informed that there was a small increase in the actual expenditure over the revised estimates in respect of Forge Shop Expansion and Foundry Rehabilitation Projects on account of expenditure on certain additional facilities, and increase in land development and building costs in the case of Forge Shop and to provide additional machinery and facilities in the case of the Foundry. The increase was less than 5 per cent in the case of Forge Shop Expansion. In case of Foundry Rehabilitation, the increase was Rs. 1 lakh. However, there would be no increase in expenditure in any of the remaining projects over the revised estimates.

2.6. The Committee find that non-inclusion of all essential items of expenditure and inadequate provision in respect of certain items are common lapses of the estimates contained in the project reports. If the Ministry/Management of an undertaking act with proper thought and foresight revision of estimates in many cases can be avoided. Upward revision of estimates later on not only puts extra burden on the public exchequer, but also affects the cost of production adversely. The Committee hope that the management of Praga Tools will now ensure that the various projects under execution at present will be completed within the latest revised estimates.

2.7. As regards the extent to which the economics of the projects have been vitiated by upward revision of the estimates, the Committee were informed that the economics of these projects were not revised and reworked after the revision of estimates on account of the devaluation. But the effect of the devaluation was noted by the Board of Directors as indicated in following minutes of their 142nd meeting held on 30th July, 1966:—

“The Board discussed the impact of devaluation on various expansion projects as set out in the Memorandum and approved the revised capital estimate of Rs. 429.47 lacs, taking note of the increase of nearly Rs. 85.00 lacs mainly on account of devaluation. It was observed that even if there had not been any devaluation, the earlier estimates would have required some upward revision on account of increase in prices since the framing of the estimates in 1962 and enhancement of customs and other regulatory duties and price increase thereafter. The Board directed that the profitability of the projects should be maintained not only by reviewing the pricing policy but also by substantially improving the volume of pro-

duction as well as productivity which will reduce cost."

2.8. The Committee have also been informed that due to recession in engineering industry, it was not possible to revise the selling price and the increased cost of production had to be absorbed within the existing selling price. A study in this regard was, however, being undertaken by the management.

2.9. The Committee are of the opinion that with the revision of the estimates the economics and profitability of these projects should have been worked out again. They are constrained to note that inspite of a clear directive from the Board of Directors in July, 1966 for reviewing the pricing policy and improving productivity, no effective steps have been taken in this direction. They hope that the economics of these projects would now be reviewed without any further loss of time and profitability maintained as far as practicable.

III

TARGETS AND ACHIEVEMENTS

A. Delay in completion of the Projects Para 4(a) Pages 88—90

3.1. The following table indicates the scheduled dates of completion of the various projects, revised dates of completion and the actual/anticipated dates of completion:

Name and object of the project	Scheduled date of completion	Revised date of completion	Actual/anticipated date of completion
1	2	3	4
(a) <i>C.V.A. Drill Chuck</i> (to increase production from 350 to 4,000 numbers per month.)	Stage I (350 to 500 nos. per month) June, 1961.	..	June, 1961.
	Stage II (500 to 1000 nos. per month) June, 1962.		July, 1962.
	Stage III (1,000 to 4,000 nos. per month) July, 1964.	..	Not completed.
(b) <i>Pratt Lathe Chuck</i> (to increase production from 3,000 to 12,000 nos. per annum.)	June, 1963.	March, 1967.	Not completed.
(c) <i>Tool and Cutter Grinder</i> (to manufacture 200 machines per annum.)	Stage I 1961-62 (48)		1962-63.
	Stage II 1962-63 (80)	..	1963-64.
	Stage III 1963-64 (95)	1966-67 (100) 1967-68 (100)	Not completed.
	Stage IV 1964-65 (150)	1968-69 (125)	..
	Stage V 1965-66 (200)	1969-70 (150)	
(d) <i>Surface Grinder</i> (to produce 300 machines per annum.)	179 nos. 1966-67	55 nos. 1966-67	Not completed.
	225 nos. 1967-68		
	250 nos. 1968-69		
	300 nos. 1969-70		

1	2	3	4
(e) <i>Milling Machine</i> (to produce 400 machines per annum.)	40 plus 8* nos. 1966-67		Not completed.
	110 nos. 1967-68		
	250 nos. 1968-69		
	400 nos. 1969-70		
<i>Defence Projects</i>	3,000 blocks January, 1966.	1,000 blocks January, 1966 1,000 blocks February, 1966.	800 blocks January, 1966. 670 blocks February, 1966.
(i) Breech Block (to manufacture 3,000 blocks per month.)		1,500 blocks March, 1966.	1,000 blocks March, 1966.
(ii) Barrel Carbine (to produce 6,000 nos. per month.)	6,000 nos. Janu- ary, 1966.	1,000 nos. Janu- ary 1967 on- wards.	Not completed.

(i) *C.V.A. Drill Chuck*

3.2. The reasons for non-completion of Stage III of C.V.A. Drill Chuck were stated to be as follows:—

- (i) Delay in finalisation of the estimates;
- (ii) Receipt of wrong specifications from collaborators;
- (iii) Loss of certain vital items of tooling in transit; and
- (iv) Non-availability of imported raw materials.

3.3. As regards supply of specifications, the Committee were informed that the C.V.A. Drill Chucks were collaborators' patented design. Hence the specifications were also their property and were supplied by them. The Collaborators did supply correct specifications, but some components and some gauges supplied in the 1st Phase of the project were wrong. This matter was taken up with the Collaborators who deputed one of their senior engineers to Praga Tools in July, 1963 to examine the components sent by them. All defective components were replaced by them free of cost as per agreement.

*To be imported for educational purposes.

3.4. In reply to a question, whether the Collaborators were not liable to compensate for loss resulting from the despatch of wrong specifications, it was stated that there was no provision in the Agreement for claiming compensation or damage from the Collaborators for such an incident, because incident of this kind was generally not envisaged. Clause 17 of the Agreement with M/s. Kearney Trecker—C.V.A. Ltd., U.K. provided as follows:—

- (i) CVA agree to provide all technical information and know-how as stated above to the latest modifications and standards, and also guarantee that the information so supplied would be adequate to enable the aforementioned chucks being manufactured by Praga.
- (ii) CVA also warrant the items supplied against defective design, material, and/or workmanship, and if within twelve months from the date of delivery at Praga's works any item is found to be defective in design, material or workmanship, such will be replaced free of charge at Praga's.

3.5. During evidence the Managing Director stated that "there was no question of penalty being imposed on them as we felt that we should live with them for all these years." In reply to a further query whether the question of compensation was taken up with the suppliers, the Secretary, Ministry of Defence Production stated, "I do not think it has been raised". He, however, promised to check it up.

3.6. The Committee are sorry to note that the question of compensation for supply of wrong components was not even taken up with the suppliers. They feel that sufficient safeguard should have been provided in the agreement against supply of wrong parts, which in this case resulted in considerable delay in completion of the third stage of the project. A suitable penalty clause could, to some extent, have compensated the loss suffered by the Praga Tools Ltd. on this account. The Committee suggest that Government should include a penalty clause for supply of wrong or defective equipment in all future contracts.

3.7. Regarding loss of certain vital items of tooling in transit the Committee were informed that the Collaborators had shipped in September, 1962, two cases containing toolings for C.V.A. No. 12 Automatic machine. This consignment reached Bombay Port in October, 1962, and on arrival in the factory certain toolings could not be traced. The matter was taken up with the Clearing Agents

and Collaborators. When the Collaborators furnished detailed information of packing, a further thorough search was made and the toolings were found in Mach, 1963.

3.8. It was also stated that the delay of about 4 months in the location of tool cases did not affect production as the Company was manufacturing CVA drill chucks with imported components.

3.9. No personal responsibility was fixed for the missing tooling at that time. Officers dealing with the case have since left the service of the Company.

3.10. The Committee are sorry to note that the officials of the company were casual about location of valuable imported equipment. This only goes to prove that the procedures for the receipt and inspection of equipment were not adequate. They feel that the circumstances under which the two cases were not collected should have been investigated and responsibility fixed. They hope that suitable guidelines would now be drawn up to avoid occurrence of such a mistake in future.

3.11. The Committee were informed that the delay in completion of the project had generally not affected the overall production programme of the company. The management could not even after completion of the project and receipt of material in 1964 exploit fully the installed capacity due to (i) lack of required skill to work and maintain the sophisticated equipment provided by the Collaborators; and (ii) frequent labour trouble and their go-slow tactics. It was stated that the deficiency in regard to skill had now been made up but labour morale was still unsatisfactory. In addition there was at present shortage of orders also.

3.12. The fact that the full capacity of the project could not be exploited even after completion of the project is no justification for the delay in completion. No effective steps were taken by the management to train and impart the necessary skill to the personnel for maintaining the sophisticated equipment before the completion of the project. The Committee hope that the personnel by now have been trained to handle the machinery and equipment and their productivity is upto the mark. Regarding labour trouble, the Committee can only urge the management as well as the union leaders to make every effort for maintaining harmonious relationship with one another so that production in this vital Defence project does not suffer.

(ii) Pratt Lathe Chuck

3.13. Following reasons had been advanced for non-completion of the Pratt Lathe Chuck project in time:—

- (i) need to revise the estimates on account of increase in prices;
- (ii) procedural difficulties encountered in placement of orders and provision of tools/accessories;
- (iii) lapsing of original foreign exchange allocation under U.K. credit necessitating re-orientation of project and securing of alternative foreign exchange allocations; and
- (iv) time taken in finalisation of orders for machinery under the French Credit.

3.14. As regards procedural difficulties and reasons for lapsing of original foreign exchange and reorientation of the project the Committee were informed by the Ministry as follows:—

On 14th December, 1962, Praga authorised M|s. Pratt to place orders on their behalf. M|s. Pratt desired (29th January, 1963) that one of the Executives of Praga Tools should visit England to finalise the placement of orders. It was, however, decided by Praga (13th April, 1963) that it would not be possible to send one of its Executives to England and that the order should be placed through M|s. Pratt. On 28th May, 1963, M|s. Pratt sought from Praga Tools Ltd., the correct ordering procedure and desired a clear power of attorney which the Praga Board of Directors were reluctant to give. In the meantime there was considerable correspondence with Pratt regarding the types of machinery to be purchased as well as their prices. On 24th August, 1963, Praga Tools Ltd. approached the Minister (Economic), High Commission of India, London, to settle pending matters relating to the placement of orders. There was some further correspondence in this regard and ultimately in February 1964 the Indian High Commission clarified position in regard to the choice of machinery and the implications of the procedure which M|s. Pratt had suggested. In the meantime, the prices of the machinery had gone up and the value of the import licences had to be increased, if orders could be placed. Praga Tools had

Accordingly approved the Government on 13th February, 1964, for an extra foreign exchange of Rs. 2.60 lakhs. On the other hand, the Department of Economic Affairs on 16th March, 1964, reduced the U.K. credit allocation of Praga Tools earlier given to the Company for implementing the U.K. schemes and directed that no further orders should be placed by Praga Tools under the U.K. credit. The difficult foreign exchange position led the Praga Board of Directors on 29th August, 1964, to review the position with a view to reduce the foreign exchange requirements. Even the reduced amount of U.K. credit was not available, and on 7th September, 1964, Government informed Praga Tools to this effect. Following this, on 18th December, 1964, the Praga Board decided to seek the permission of Government to withdraw from the Agreement and to stabilise and augment the production of Praga Lathe Chucks, with the help of machinery obtained from elsewhere."

3.15. During evidence, the Secretary Ministry of Defence Production agreed that "creating a situation in which the credit had lapsed and therefore the project had delayed, is the fault of the management". He further added "...if I were running this company and I knew that I must take the decision otherwise foreign exchange would not be available, before the last date the decision would have been taken one way or the other". In reply to a question whether any responsibility was fixed, he stated that it was a public sector undertaking and its Board of Directors took the decision. Having appointed the Board of Directors, it would not be quite correct for the Government to go on interfering. He further added may be that the Board of Directors and management had been changed two years ago.

3.16. The Committee is distressed to note that because the management wasted a period of 14 months in arriving at a decision over a procedural matter a large amount of foreign exchange credit was allowed to lapse which resulted in delaying an important project. They are surprised that the matter was not brought to the notice of Ministry at any stage. They are sure that if the Ministry had themselves kept a watch on the progress of the project they would have come to know of the delay and taken timely action. At this stage the Committee can only hope that with the change in the management and the Board of Directors, such a situation will not occur in future and decisions on vital matters will be taken by

the management promptly. They feel that the Ministry should also not hesitate to help and guide an undertaking particularly where Defence production is involved.

(iii) *Tool and Cutter Grinder (stage III)*

3.17. Non-completion of Stage III of the project has been attributed to delay in placing orders for the machinery and non-availability of some of the castings (conforming to specifications) indigenously. About the reasons for delay in placing orders for the machinery, the Committee were informed that Praga Tools Ltd. signed the collaboration agreement with M/s. A. A. Jones and Shipman Ltd. U.K. for the manufacture of model 310 Cutter and Tool Grinder, on 2nd January, 1961. As per term of agreement Mr. Jackson, a senior executive from Jones and Shipman Ltd., visited Praga Tools Ltd. in early 1961 and gave tentative recommendations in February 1961 in regard to the machinery to be provided for the project. A decision was taken in May, 1961, that the list would have to be vetted by the Indian Consultants of the Company and the final recommendations of the Collaborators obtained. On 28th September, 1961 the Board of Directors constituted a sub-committee for examining the quotations. The Board also desired that the economics of the scheme should be worked out and placed before it simultaneously. Praga Tools Ltd. applied for import licence in August|September, 1961, and received the same by December, 1961|January 1962. On 11th December, 1961, the Board of Directors approved the recommendations of the sub-committee for purchase of the plant. Due to difference of opinion as to the clause incorporated in the licensing agreement for marketing of Model 310 Tool and Cutter Grinder with M|s. William Jacks and Co. Ltd., which Praga Tools Ltd. were to conclude according to the said agreement with M|s. A. A. Jones and Shipman Ltd., there was considerable delay in the release of the orders. Till the time the agreement with the sole selling agents was finalised, the company did not take the risk of ordering any machines nor made any commitment for this project, because if this agreement did not come out alright, the Collaboration Agreement itself would have possibly fallen through. The differences were ironed out in August, 1962, and selection and ordering of the machines was taken on hand.

3.18. The foregoing facts would reveal that the management not only signed the collaboration agreement with Messrs Jones Shipman Ltd. without finalising the working arrangements, but also proceeded in a leisurely manner to place the orders for the machines.

3.19. It was in February, 1961, that the collaborators submitted their tentative recommendations. But it was only in May, 1961, after a lapse of 3 months, that it was decided to get the list vetted by the Indian Consultants of Praga Tools Ltd. After a lapse of another period of 5 months (September, 1961), the matter was placed before the Board of Directors who decided to constitute a sub-committee to examine the quotations. The sub-committee's recommendations were approved by the Board after 3 months (December, 1961), but due to difference of opinion about a clause to be incorporated in the licensing agreement it took the management another 8 months to place the order.

3.20. All these lead to the conclusion that the management did not make any effort to settle the issue at an early date. The Committee deprecate indifferent attitude of the management which led to the delay in arriving at a final decision to place the orders for the required machinery.

(iv) *Milling Machine*

3.21. Reasons for non-completion of the Milling Machine project according to schedule were (i) delay in getting Government's approval; (ii) delay in obtaining import licence and (iii) time taken in finalising contracts under French Credit.

3.22. As regards reasons for delay in obtaining import licence and finalising the contracts under French Credit, the Ministry have stated as follows:—

Collaboration Agreement with Messrs Cambin France was signed by Praga on 8-6-1966. Applications were made for import licences on 2-9-1966|3-2-1967. The import licences were received on 7-2-1967|5-4-1967 after the settlement of certain issues raised by the D.G.T.D. Machinery orders could be placed only on 9-6-1967 after the draft contract had been vetted by the French suppliers. Under the terms of French Credit, this contract is to be notified to the French Embassy in India by the Government for approval. This was done by the Economic Affairs Department on 14-7-1967 and the contract formally came into force on 14-8-1967. A part of the equipment was received by Praga in May, 1968 and the balance is to be received by November, 1968.

3.23. It was also expected that within the year 1968-69 the Company would start production of the milling machine and put it in the market.

3.24. It will be seen that even though the collaboration agreement with the French firm was signed on the 8th June, 1966, the contract formally came into force only on the 14th August, 1967 i.e. after a period of 14 months. Difficulties experienced were of routine procedural nature. The Committee feel that it is another instance of inept handling of the project and had the Government machinery acted promptly these procedural difficulties could have been overcome or time-lag reduced.

3.25. After examining the reasons for delays in completion of the various projects of Praga Tools Ltd. the Committee cannot help feeling that there was lack of coordination between the undertaking and the Department of Defence Production as also between other concerned ministries. They hope that all efforts would now be made by the management and the Ministry to avoid the recurrence of such delays in future.

B. Production Performance (Para 4(b)-p. 91)

(i) Machine Tools Division

3.26. The table below indicates the annual targets of the major products fixed by the company from year to year and the actual production there against for the last three years:—

	Original target	Revised target	Achievements	Excess(+) Shortfall (-)
1	2	3	4	5
	Nos.	Nos.	Nos.	Nos.
(i) Drill Press				
1964-65	1800	1782	1338	(-) 444
1965-66	2270	1203	1202	(-) 1
1966-67	960	760	602	(-) 158
(2) Tool and Cutter Grinders				
1964-65	144	146	122	(-) 24
1965-66	203	89	79	(-) 10
1966-67	150	100	53	(-) 47
(3) Lathe Chucks				
1964-65	5400	4849	4684	(-) 165
1965-66	5700	4720	4783	(+) 63
1966-67	6000	4750	3632	(-) 1118
(4) Drill Chucks				
1964-65	36000	22090	13319	(-) 8771
1965-66	29500	19129	17285	(-) 1844
1966-67	40000	25000	9222	(-) 15778

1	2	3	4	5
	Nos.	Nos.	Nos.	Nos.
(5) Machine Vices				
1964-65	1500	1664	1436	(-) 228
1965-66	1200	916	916	..
1966-67	..	..	2	(+) 2
(6) Breech Blocks				
1964-65	5500	5500	4170	(-) 1330
1965-66	..	..	..	..
(7) Surface Grinders				
1964-65	..	..	..	..
1965-66	..	64	60@	(-) 4
1966-67	100	55	15@	(-) 40

3.27. It will appear from the above table that the shortfall in production during 1966-67 in all the products was more pronounced, i.e. Drill Press 21 per cent, Tool and Cutter Grinders 47 per cent, Lathe Chucks 24 per cent, Drill Chucks 63 per cent, Breech Blocks 24 per cent (for the year 1965-66) and Surface Grinders 73 per cent.

3.28. The Ministry assigned the following reasons for shortfall in production in 1966-67:—

- (i) Go-slow policy of the labour to press certain demands during the first half-year.
- (ii) Frequent power failures and power cuts imposed by the State Government.
- (iii) Break-down of one Hammer in the Forge and Foundry Division besides difficulties experienced in the supply of steel of requisite quality for Railway Screw Couplings.
- (iv) Delayed receipt of castings and components particularly for the Cutter and Tool Grinder Shop.
- (v) Restricted production of traditional items such as Drilling Machines on account of falling market demand."

3.29. Regarding labour difficulties, the Committee were informed that in December, 1967, a settlement was arrived at with the labour granting their demand for increased D.A. Revision of pay scales was also accepted from 1-4-1968. In spite of this, with effect from 1-4-1968 there was organised go-slow movement and only from July, 1968,

@Assembled out of components for 75 grinders received by the Company.

after the intervention of the Commissioner of Labour, the production had just started picking up. It was stated that labour morale was still unsatisfactory and the situation was under careful watch. Asked during evidence whether the joint management council had been tried for maintaining good labour-management relations, the Secretary of the Ministry replied in negative and expressed the view that in an unertaking of this type, experiment of this kind should not be introduced. He, however, mentioned that the system of works committee had been introduced.

3.30. With regard to power, it was stated that the situation had considerably improved. In 1967-68 there was no power cut.

3.31. The supply position of good quality castings however, had not yet improved to the desired extent. During evidence, the Managing Director stated that they had their own foundry but the quality of its production was extremely poor. Most of the orders had, therefore, to be given to other foundries but their quality was also very poor which resulted in rejections even upto 90 per cent in some cases. In a subsequent written reply it was stated that the company had taken remedial measures and the quality of castings from their own foundry had started improving. The process, however, was slow. Meanwhile, they had established contacts with some reliable foundries for castings, but except in two cases, the rejection percentage continued to be high and the production was affected depending upon the percentage of rejections.

3.32. Market situation for machine tools was at present poor and the rate of production had to be adjusted accordingly.

3.33. It would appear from the percentage of shortfall in production given below that the production performance of the company was also not very satisfactory during 1967-68.

*Percentage of shortfall
on revised production.*

(1) Drill Press	57.80%
(2) Cutter and Tool Grinder	10.00%
(3) Surface Grinder 540H	22.00%
(4) Lathe Chucks	29.74%
(5) Drill Chucks	36.58%
(6) Breech Blocks & Barrels.	13.60%

3.34. The Committee are unhappy with the present state of affairs in the company. Labour troubles appear to be the perennial problem of the undertaking. The Committee desire that ways and means should be devised to boost the labour morale and increase their productivity. The Committee are concerned to note the continual poor quality of the castings produced by the foundry as well as those obtained by it from outside foundries. They would suggest immediate steps to locate required quality castings from alternate sources, till they can themselves meet the demand. Reasons for falling market for machine tools of the company should also be analysed and the selling organisation strengthened to build up additional markets for their products.

3.35. As regards the reasons for breakdown of the hammer in the Forge and Foundry Division during October, 1966, the Ministry informed the Committee as follows:—

“The tup of the Polish Hammer cracked during operation. Slight sinking of the foundation had been noticed which could have caused the break-down. This was rectified. Praga had also ordered a replacement tup. This was received in middle of 1967 but cracks were detected in it even before assembly and hence the tup was not assembled. Praga Tools invited the Polish Consulate Representative, who certified the defect but opined that the crack might not affect the operation. On a guarantee from him, the tup was used but it has also broken within 3 months. A free replacement has now been arranged for, and this is awaited.”

3.36. Asked what was the total loss of production during the period the hammer was out of operation, the Ministry have stated:

“During 1966-67, the forge-shop produced forgings worth Rs. 54.00 lacs against target (revised) of Rs. 84 lacs. The shortfall was, however, not entirely due to the breakdown of hammer.”

3.37. The Committee regret to note that the break-down of the hammer resulted in a loss of production of nearly Rs. 30 lakhs. It appears to them that the causes of the break-down were not fully investigated by the management and as such it is not clear as to how the mishap occurred. The Committee would, therefore, recommend that before the new tup is assembled and put into operation, it should be ensured that the factors which caused the earlier breakdowns are carefully investigated and eliminated so as to avoid such breakdowns in future.

(ii) Foundry [Para 4(b)-(ii) page 92]

3.38. The table below indicates the rated capacity of the foundry in terms of good castings and the actual castings produced during the last three years:—

Year.	Rated Capacity M. Tons	Actual Production M. tons	Shortfall in terms of rated capacity
1964-65 (December to March)	224.24	100.00	55.4%
1965-66	672.75	444.00	34.0%
1966-67	807.30	242.00	70.0%

3.39. The management attributed the shortfall in production during 1964-65 to the dislocation of production programme due to the shifting of the foundry.

3.40. As regards shortfall in production during 1966-67 the management had informed the Audit in June, 1967 as follows:—

"The main reason for the low production in 1966-67 was the labour trouble, particularly in foundry, the foundry was closed for a month during this period and for about 4½ months the production was very low. When the trouble ended foundry started working, then we had not got sufficient load for utilisation of our melting capacity available in the foundry."

3.41. It was also stated by the management that "the working of our foundry in 1965-66 may be taken for the efficiency factor." When the management was asked to explain on what considerations the shortfall of 34% in production during 1965-66 was considered as reasonable the following reply was offered:—

"The Foundry is a manual foundry with hardly any mechanisation. The floor space available is rather limited since within the same building sand and other materials are stored, Patterns and Cores are made leaving limited space for castings. Taking all these factors into consideration, 66% achievement of theoretical rated capacity is considered satisfactory for the Praga Tools Foundry."

3.42. The Committee are not convinced with Government's reply. The limitation of floor space should have been taken into consideration before fixing the rated capacity. It is unfortunate that

the management did not take adequate steps to provide necessary floor space. They suggest that the management should immediately assess the additional floor space requirements and take steps to provide it. They feel that such a matter should not have been allowed to stand in the way of achieving rated capacity in the foundry.

3.43. Asked about the extent of shortfall during 1967-68 the Ministry have stated that "during 1967-68 Praga Tools produced 289 M/T. of casting. Due to the labour trouble in 1966-67 in the foundry, the Company had to off-load most of the heavier castings to outside sources, leaving only smaller castings with them. This affected the tonnage achievement during 1967-68. The short-fall during the year 1967-68 had been 64.2%. However, the castings produced this year were not only smaller, but they were also intricate."

3.44. The Committee regret to note the continued shortfall in rated capacity. In 1966-67 the shortfall was 70 per cent whereas in 1967-68 it was 64.2 per cent i.e. only an improvement of 5.8 per cent. They would stress the need for further augmenting the efforts to achieve the rated capacity as early as possible.

IV
FINANCIAL RESULTS

A. Financial position (Para 6(a) page 93)

4.1. The table below summarise the financial position of the Company under broad headings for the last three years:—

	(Rupees in lakhs)		
	1964-65	1965-66	1966-67
Liabilities			
(a) Paid -up capital (equity including the amount paid on forfeited shares)	150.54	150.54	210.54
(b) Reserves and surplus	9.79	13.30	11.37
(c) Borrowings			
(i) From the Government of India.	86.36	148.36	156.36
(ii) Cash credit and temporary overdraft	57.14	63.31	49.65
(d) Trade dues and other liabilities (including provisions).	66.81	62.84	61.21
TOTAL	370.64	438.35	489.13
Assets			
(e) Gross block	231.78	260.14	289.59
(f) Less: Depreciation	82.38	81.25	95.37
(g) Net fixed assets.	149.40	178.89	194.22
(h) Capital work-in-progress (including un-allocated expenditure during construction)	12.63	12.82	38.18
(i) Other assets	2.68	8.08	5.58
(j) Current assets, loans and advances and investments	197.90	224.37	218.73
(k) Miscellaneous expenditure and loss.	8.03	14.19	32.42
TOTAL	370.64	438.35	489.13
Capital employed	280.49	340.42	351.74
Net worth.	152.30	149.65	189.49

Note: 1. Capital employed represents net fixed assets plus working capital.
2. Net worth represents paid-up capital plus reserves less intangible assets.

B. Working results [Para—6(b) page 94]

4.2. The working results of the Company for the last three years are tabulated below:—

	(Rs. in lakhs)		
	1964-65	1965-66	1966-67
(i) Profit before tax	14.20*	7.89*	(—)29.70
(ii) Tax provision . . . . .	..	..	..
Percentage of profit			
(a) To sales (Outside)	9.7	6.5	
(b) To gross fixed assets	6.1	3.0	
(c) To capital employed	5.1	2.3	
(d) To net worth	9.3	5.3	
(e) To equity capital	9.4	5.2	

4.3. The Company incurred a further loss of Rs. 11,80,577/- during the year 1967-68.

4.4. During evidence the Committee were informed that from the point of view of financial efficiency, the system of material control and inventory control had been introduced. Some changes had also been made in the utilisation of labour. It was further elaborated that the following steps had been taken to improve the financial position of the Company.

- “(i) The material usage has been controlled by introduction of production warrants. This restricts the shops from drawing the materials in excess of the predetermined levels for the planned production and any excessive rejection during process will come to light.
- (ii) Material management system has been introduced in order to reduce cost of production by laying down such procedures which go a long way in effecting economy without impairing the production work and eliminating unnecessary inventory limits.
- (iii) All expenditures on the purchase of capital items as well as purchase of materials of revenue nature are scrutinised before sanction at the Financial Adviser's level either in relation to Budget estimates or actual requirement with regard to production plan, lead time and stock available.

* The figures have been of recast to form a comparable basis.

(iv) Reduction has been effected on all items of expenditure of controllable nature."

4.5. The Committee note that some steps have been taken to reduce wastage and effect economy in the cost of production. They, however, feel that further concerted efforts are required to improve the quality of tools and labour-management relationship.

LABOUR UTILISATION (PARA 5 PAGE 93)

5.1. The data given below indicates that there were wide variations in the utilisation of labour hours available in the various divisions of the Company:—

Division	(utilisation percentages)	
	1965-66 July to February	1966-67 April to Feb.
Machine Tools Accessories.	50 to 135	7 to 103
Machine Tools „	18 to 50	5 to 33
Precision Tools „	47 to 87	17 to 100

5.2. The Ministry have stated (November, 1967) as follows:—

“As there has been a market slump since last two years, the workload in various shops has been sporadic and below normal. Hence, the figures taken in the ‘Review show wide variation depending upon the finished goods production.’ ”

5.3. As regards utilisation of idle labour during the period of market slump, the Committee were informed as follows:—

“In the absence of statistical control on machine loading and labour utilisation, actual labour booking is not done. With the limited number of products, most of which were affected by recession, it became difficult to immediately find avenues for idle labour. Arrangements have now been made from Defence Orders and *ad-hoc* jobs of armament spares have been undertaken. It is expected that most of the idle labour will be utilised in these jobs. The Labour Utilisation or Labour Efficiency is worked out in the Praga factory every month. This is worked out on the lines recommended by its Management Consultants.”

5.4. The Committee are not sure that the entire unutilised labour in the various divisions of the Company is due to market slump or sporadic workload. They would recommend that a review of the labour requirements should be made in the context of the existing demand and the production capacity. If any surplus labour is found in any division, it should be retrenched or suitably absorbed elsewhere.

VI

SURPLUS MACHINERY (PARA 7, PAGE 95)

6.1. In para VI (6) of the Audit Report (Commercial), 1964 a mention was made of the surplus plant and machinery. Out of these, 3 machines valued at Rs. 91,368 were still (November, 1967) to be disposed of. Meanwhile 4 more machines valued at Rs. 95,307 were found surplus by the Company.

6.2. The Ministry had stated to the Audit in November, 1967 as under:—

“Tenders for the disposal of the surplus machines were invited by Praga in January, 1966. Since quotations for the 6 machines out of 7 listed were much less than the book value, it was thought prudent to defer action. The 7th machine has been added only in May, 1967. It was subsequently decided to recondition the machines so that the Company could get better price. Praga will be advertising for the sale after they finish the repair work.”

6.3. The Committee were informed that about half the number of machines mentioned in this Audit Report were purchased during various periods starting from 1944 to 1959 when the company was in the hands of private management. The reasons for these purchases could not be ascertained now as records were not traceable. During 1960—62, there had been certain purchases of machines as balancing equipment. These machines also could not be put into use. Subsequently from March 1962 to February 1963 certain machines were imported against Polish Project for the manufacture of heavy machine tools which did not materialise. As a result these machines also became surplus.

6.4. It has been stated that Praga Tools Ltd took action, as far as possible, to make use of these machines in the sanctioned expansion schemes for Praga. Some machines, however, still remained surplus and had to be sold. Although the machines were surplus from 1964, the decision to dispose them was taken after the future manufacturing programme had been decided and it was known that these machines were definitely not required for this programme. Seven

machines as mentioned in the Audit Report (Commercial), 1968 had remained unsold. The position of these machines was as follows:—

1. No. *Incanto gas generator*: This machine was purchased in 1947. The present condition of the machine is unserviceable.

1. No. *Sunstrand Electro Mill*: This was purchased in 1948. The machine does not have the accuracy required.

1. No. *Alligator Shear*: This was purchased in 1959. The machine is not in working condition due to erratic performance.

1. No. *Ambarnath Lathe*: This was purchased in 1962. The machine is unserviceable.

2. Nos. *War surplus machines*:

(a) J & S Internal Grinder:

(b) Bryant Internal Grinder:

These were purchased in 1963 in the lot of war surplus machines. The purchase was made through Director General, India Stores Dept. Govt. Bldgs., London-W3. These machines are not required for the present manufacturing programme.

1. No. *Besco Folding Machine*:

This was purchased in 1963. The machine is being used as and when there is some sheet metal work. This machine was purchased with an idea to develop sheet metal shop along with other balancing machines which were available with Praga. Subsequently, it was decided to off-load sheet metal work to local suppliers and dispose of the machine.

6.5. Out of the above 7 machines, the Management received offers for Alligator Shear (Rs. 10,000 against book value of Rs. 32,190.50) and for Bryant Internal Grinder (Rs. 12,000 against book value of Rs. 19,596.73). For Incanto gas generator, Sunstrand Electro Mill, and J. S. Internal Grinder, no quotations were received. For the remaining two machines, no advertisement was issued as it was felt that better offers might not be forthcoming during the period of recession. It is stated that all the above seven machines would be disposed of as soon as market condition improved.

6.6. The Committee were also informed that the earlier decision to re-condition the machines was deferred since the condition of some of the machines was very poor and they required considerable time and effort to recondition them. Original spares being not avail-

able they would have to be manufactured by general engineering methods. Furthermore, with the recession in engineering industry, it was felt unlikely that better offers for these old machines would be forthcoming when new machines with easy payment terms were readily available.

6.7. From the foregoing it will be observed that machines have been purchased from time to time without planning for their specific use. From the information furnished by the Ministry it appears that seven machines are lying unsold and a large number of machines of various usages have remained idle in the past for considerable periods of time on a number of occasions. Purchase of machines, without planning their use beforehand not only leads to blocking of capital and impairs the value of the machines by way of depreciation, but also vitally affects the economy of the company. The Committee desire that all possible steps should be taken to avoid the purchase of unnecessary machines in future and to fully utilize those which have already been purchased. Machines should be disposed of as soon as they are found surplus to the requirements.

CONCLUSION

7.1. Foregoing pages would reveal that the performance of Praga Tools Limited has been far from satisfactory, due to certain lapses on the part of the management. Labour Management relations have also not been happy which has affected the efficient functioning of the Company. During evidence, the Committee were, however, assured by the Secretary of the Ministry of Defence, Department of Defence Production, that efforts were being made to create better labour relations. He added that the Ministry had taken a number of steps to increase production of Praga Tools Ltd. The previous Managing Director had been replaced and a number of changes had been made in the Board of Directors. Recently a team from the Bureau of Public Enterprises had been asked to go into the problem of the undertaking. Besides, the Joint Secretary and the Deputy Secretary of the Department had been asked to conduct on the spot examination of the plant every now and then. The Managing Director had also been asked to discuss with the Secretary the problems of the Company in detail on his visits to Delhi. The Secretary added that on the receipt of the Report of the Bureau of Public Enterprises it might be possible to make further improvements in the working of the company. He also hoped that with the improvement in the market conditions, the company would be able to show some profits in the near future.

7.2. The Committee hope that the Ministry and the management will do their best to set the affairs of the company right and ensure that it functions efficiently and shows profits soon.

NEW DELHI;
February 9, 1969.
Magha 20, 1890 (S).

G. S. DHILLON,
Chairman,
Committee on Public Undertakings.

Appendix

Summary of conclusions|Recommendations of the Committee on Public Undertakings contained in the Report

S.No.	Reference to the Para No. in the Report	Summary of Conclusions Recommendations
1	2	3
1	2.6	The Committee find that non-inclusion of all essential items of expenditure and inadequate provision in respect of certain items are common lapses of the estimates contained in the project report estimates. If the Ministry/management of an undertaking acts with proper thought and foresight revision of estimates in many cases can be avoided. Upward revision of estimates later on not only puts extra burden on the public exchequer, but also affects the cost of production adversely. The Committee hope that the management of Praga Tools will now ensure that the various projects under execution at present will be completed within the latest revised estimates.
2	2.9	The Committee are of the opinion that with the revision of the estimates the economics and profitability of the projects should have been worked out again. They are constrained to note that inspite of a clear directive from the Board of Directors in July, 1966 for reviewing the pricing policy and improving productivity, no effective steps have been taken in this direction. They hope that the economics of the projects would now be reviewed without any further loss of time and profitability maintained as far as practicable.
3	3.6	The Committee are sorry to note that the question of compensation for supply of wrong components by the collaborators in the 1st

1

2

3

phase of the C. V. A. Drill Chuck was not even taken up with the suppliers. They feel that sufficient safeguard should have been provided in the agreement against supply of wrong parts, which in this case resulted in considerable delay in completion of the third stage of the project. A suitable penalty clause could, to some extent, have compensated the loss suffered by the Praga Tools Ltd. on this account. The Committee suggest that Government should include a penalty clause for supply of wrong or defective equipment in all future contracts.

4

3.10

The Committee are sorry to note that the officials of the Company were casual about location of valuable imported equipment contained in two cases which were shipped by the collaborators in September, 1962 but were lost in transit and could be located only after 4 months. This only goes to prove that the procedures for the receipt and inspection of equipment were not adequate. They feel that the circumstances under which the two cases were not collected should have been investigated and responsibility fixed. They hope that suitable guidelines would now be drawn up to avoid occurrence of such a mistake in future.

5

3.12

The fact that the full capacity of the C.V.A. Drill Chuck project could not be exploited even after its completion is no justification for the delay in completion. No effective steps were taken by the management to train and impart the necessary skill to the personnel for maintaining the sophisticated equipment before the completion of the project. The Committee hope that the personnel by now have been trained to handle the machinery and equipment and their productivity is upto the mark. Regarding labour

1

2

3

trouble, the Committee can only urge the management as well as the union leaders to make every effort for maintaining harmonious relationship with one another so that production in this vital Defence project does not suffer.

- 6 3.16. The Committee is distressed to note that only because the management wasted a period of 14 months in arriving at a decision over a procedural matter a large amount of foreign exchange credit was allowed to lapse which resulted in delaying an important project (Pratt Lathe Chuck). They are also surprised that the matter was not brought to the notice of Ministry at any stage. They are sure that if the Ministry had themselves kept a watch on the progress of the project they would have come to know of the delay and taken timely action. At this stage the Committee can only hope that with the change in the management and the Board of Directors, such a situation will not occur in future and decisions on vital matters will be taken by the management promptly and confidently. They feel that the Ministry should also not hesitate to help and guide an undertaking particularly where defence production is involved.

- 7 3.20 Non-completion of stage III of the Tool and Cutter Grinder has been attributed to delay in placing orders for the machinery. The management not only signed the Collaboration agreement with M's. A. A. Jones & Shipman Ltd. without finalising the working arrangements, but also proceeded in a leisurely manner to place the orders for the machines. All these lead to the conclusion that the management did not make any effort to settle the issue at an early date. The Committee deprecate indifferent attitude of the management which led to the delay

1

2

3

in arriving at a final decision to place the orders for the required machinery.

8

3.24

It will be seen that even though the collaboration agreement with the French Firm was signed on the 8th June, 1966 for the import of Machinery for the Milling Machine Project, the contract formally came into force only on the 14th August, 1967 i.e. after a period of 14 months. Difficulties experienced were of routine procedural nature. The Committee feel that it is another instance of inept handling of the project and had the Government machinery acted promptly these procedural difficulties could have been overcome or time-lag reduced.

9

3.25

After examining the reasons for delays in completion of the various projects of Praga Tools Ltd., the Committee cannot help feeling that there was a lack of coordination between the undertaking and the Department of Defence Production as also between other concerned Ministries. They hope that all efforts would now be made by the management and the Ministry to avoid recurrence of such delays in future.

10

3.34

The Committee are unhappy with the present state of affairs in the Company. Labour troubles appear to be the perennial problem of the undertaking. The Committee desire that ways and means should be devised to boost the labour morale and increase their productivity. The Committee are concerned to note the continual poor quality of the castings produced by Praga Tools' foundry as well as of these obtained by it from outside foundries. They would suggest immediate steps to locate required quality castings from alternate sources, till they can themselves meet the demand. Reasons for

-
- | 1 | 2 | 3 |
|---|---|---|
|---|---|---|
-
- falling market for machine tools of Praga should also be analysed and the selling organisation strengthened to build up additional markets for their products.
- 11 3.37. The Committee regret to note that the break-down of the hammer in the Forge and Foundry Division resulted in a loss of production of nearly Rs. 30 lakhs. It appears to them that the causes of the break-down were not fully investigated by the management and as such it is not clear as to how the mishap occurred. The Committee would, therefore, recommend that before the new tup is assembled and put into operation, it should be ensured that the factors which caused the earlier breakdowns are carefully investigated and eliminated so as to avoid such breakdowns in future.
- 12 3.42 The Committee are not convinced with Government's reply that because of the limitation of floor space 66 per cent achievement of theoretical rated capacity was considered satisfactory for the Praga Tools Foundry. The limitation of floor space should have been taken into consideration before fixing the rated capacity of the Foundry. It is unfortunate that the management did not take adequate steps to provide necessary floor space. They suggest that the Management should immediately assess the additional floor space requirements and take steps to provide it. They feel that such a matter should not have been allowed to stand in the way of achieving rated capacity in the foundry.
- 13 3.44 The Committee regret to note the continued shortfall in rated capacity of the Foundry. In 1966-67 the shortfall was 70 per cent whereas in 1967-68 it was 64.2 per cent i.e. only an improvement of 5.8 per cent. They would stress the need for further augmenting the efforts to achieve the rated capacity as early as possible.
-

-
- | 1 | 2 | 3 |
|---|---|---|
|---|---|---|
-
- 14 4.5 , The Committee note that some steps have been taken to reduce wastage and effect economy in the cost of production. They, however, feel that further concerted efforts are required to improve the quality of tools and labour-management relationship.
- 15 5.4 The Committee are not sure that the entire unutilised labour in the various divisions of the Company is due to market slump or sporadic workload. They would recommend that a review of the labour requirements should be made in the context of the existing demand and the production capacity. If any surplus labour is found in any division, it should be retrenched or suitably absorbed elsewhere.
16. 6.7 The machines have been purchased by the Company from time to time without planning for their specific use. From the information furnished by the Ministry to the Committee it appears that seven machines are lying unsold and a large number of machines of various usages have remained idle in the past for considerable periods of time on a number of occasions. Purchase of machines, without planning their use beforehand not only leads to blocking of capital and impairs the value of the machines by way of depreciation, but also vitally affects the economy of the Company. The Committee desire that all possible steps should be taken to avoid the purchase of unnecessary machines in future and to fully utilize those which have already been purchased. Machines should be disposed of as soon as they are found surplus to the requirements.
- 17 7.2 The Committee hope that the Ministry and the Management will do their best to set the affairs of the company right and ensure that it functions efficiently and shows profits soon.
-

Corrigenda to the Eighty-Ninth Report of Estimates Committee (Fourth Lok Sabha) on Action Taken by Government on the recommendations contained in the Thirtieth Report of Estimates Committee (Fourth Lok Sabha) on the Ministry of Finance - Foreign Exchange.

- 1) Page (vii), Line 5, add "Thirtieth" after "in the".
 - 2) Page 2, Para 4, line 7, Read "Foreign Exchange Regulations Act" for "Foreign Exchange Regulation Act".
 - 3) Page 4, Para 14, line 2, Delete ", " appearing after "Regulations".
-

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI					
24.	Jain Book Agency, Connaught Place, New Delhi.	1	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi—1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	MANIPUR		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	AGENTS IN FOREIGN COUNTRIES		
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India India House, Aldwych, LONDON, W.C.—2.	59

© 1969 BY THE LOK SABHA SECRETARIAT

PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE GENERAL MANAGER,
GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI
