

COMMITTEE ON PUBLIC UNDERTAKINGS

(1968-69)

(FOURTH LOK SABHA)

THIRTY-SEVENTH REPORT

Action taken by Government on the Recommendations
Contained in the Fifth Report of the Committee
on Public Undertakings (Third Lok Sabha)

OIL AND NATURAL GAS COMMISSION

MINISTRY OF PETROLEUM & CHEMICALS
& MINES & METALS
(Department of Petroleum)



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C O R R I G E N D A

Thirty-Seventh Report of the Committee on Public Undertakings (1968-69) on Action Taken by Government on the Recommendations contained in the Fifth Report of the Committee on Public Undertakings (Third Lok Lok Sabha) on Oil and Natural Gas Commission.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
1	4	1 from bottom	fund	found
7	3	22	After the word 'informed'	Insert 'of'
13	-	4 (Sl.No.41)	a	as
27	-	9 of Reply of Government to Sl.No.7	agreed	agreed
29	-	3 of Recom- mendation (Sl.No.21)		Delete "." appearing after word standard.
30	-	14 of Reply of Govern- ment	certain	certainly
31	-	3 of Reply of Govern- ment	"Storage-in- Hand"	"Stores-in-hand"

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1968-69)

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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 submit the Report on their behalf, present this Thirty-Seventh Report on the Action Taken by Government on the recommendations contained in the Fifth Report of the Committee on Public Undertakings (Third Lok Sabha) on Oil and Natural Gas Commission.

2. The Fifth Report of the Committee was presented to the Lok Sabha on the 20th April, 1965. The replies to the recommendations contained in the Report were received on the 30th October, 1965, 15th December, 1965, 11th May, 1966, 4th April, 1967 and 28th July, 1967. Further information desired by the Committee in respect of recommendation at Serial No. 32 was furnished by the Government on the 12th March, 1969. The replies of Government to the recommendations contained in the aforesaid Report were considered and approved by the Committee on the 28th March, 1969. The Committee authorised the Chairman to finalise the Report and present it to Parliament.

4. The Report has been divided into the following five Chapters :—

- I. Report.
- II. Recommendations which have been accepted by Government.
- III. Recommendations which the Committee do not desire to pursue in view of Government's reply.
- IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.
- V. Recommendations in respect of which final replies from Government are still awaited.

5. An analysis of the action taken by Government on the recommendations contained in the Fifth Report of the Committee on Public Undertakings (Third Lok Sabha) is given in the Appendix. It would be observed therefrom that out of 62 recommendations contained in the Report 63 per cent have been accepted by the Government and the Committee do not desire to pursue 34 per cent of the recommendations in view of Government's reply. Replies in respect of 3 per cent of the recommendations have not been accepted by the Committee.

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

NEW DELHI;
April 18, 1969
Chaitra 28, 1891 (S)

CHAPTER I

A. HIRING OF FIRE FIGHTING EQUIPMENT—PARAS 106-108 OF THE FIFTH REPORT (THIRD LOK SABHA).

Recommendation (Serial No. 32)

In para 3 of Audit Report on the accounts of the Oil and Natural Gas Commission for the year 1959-60, it had been stated that the ONGC submitted a proposal to the Government of India on 27th February, 1958 for having its own fire fighting equipment to provide safeguard against petrogenous and other accidental fire. This proposal was sanctioned by Government in June, 1959. The tenders for the purchase of two units of fire fighting equipments were invited in December, 1959 and orders were placed in March/April, 1960 at an estimated cost of Rs. 74,000 each. Meanwhile, the Commission on 24th September, 1958 hired two fire fighting units from Ahmedabad Municipal Committee against a payment of Rs. 5,100 per month per unit inclusive of the pay of staff. A third unit from the Municipality on the same terms was added from 30th November, 1958. The Commission purchased its own fire fighting equipment for two units in June, 1960 when the units hired from the Municipality were returned to that body. During the period 24th September, 1958 to 30th June, 1960, hire charges amounting to Rs. 3,13,650 were paid to the Ahmedabad Municipality by the Commission.

2. During the course of evidence before the Committee on Public Undertakings, the Secretary of the Ministry stated that "he had no defence to offer" for the delay by the Government in accepting the proposal of the ONGC for having its own fire fighting equipment. As regards the delay for inviting tenders when the proposals had been sanctioned by Government the representative of the ONGC stated that that an inquiry into the matter was being held from 13th September, 1963 which was yet to be finalised.

3. The Committee in their Fifth Report had pointed out that the delay in purchasing the fire fighting equipment by the ONGC resulted in the payment of hire charges of over Rs. 3 lakhs to the Ahmedabad Municipality. The ONGC took about 2½ years to purchase the equipment after the proposal of purchase was approved by the Government. The Committee expressed surprise at the fact that it took about 3 years for the ONGC to order an enquiry into the matter. They, therefore, recommended the expeditious completion of the enquiry and disciplinary action being taken promptly where necessary.

4. In reply the Ministry stated that the irregularities in hiring of fire fighting equipment first appeared in the Audit Report on the accounts of the Commission for 1959-60. The Commission gave its reply leading to the irregularity. The reply was not accepted by the Audit on October 1, 1964, the Audit sent a note calling for additional information—one of the points was whether any responsibility for delay in procurement of the fire fighting equipment had been fixed; and if so, what action had been taken by the Commission against the officials responsible for the delay. The Ministry further stated that at this stage a fresh difficulty arose from the fact that the disciplinary regulations framed by the Commission had been fund *ultra*

vires and fresh regulations had to be drawn up and notified. The actual enquiry began only in May, 1965. The report of the enquiry board set up on May, 25, 1965 was received in August, 1965. The officers at Cambay Project found responsible for not exercising the desired vigilance had been named by the enquiry board and the explanations of the concerned officers were due to be called for. The enquiry board had yet to fix the responsibility so far as officers at headquarters were concerned.

5. From the reply of the Government it was clear that the Commission did not investigate into the matter and fix responsibility even after the irregularities were pointed out by the Audit in the Audit Report for 1959-60. Action was initiated only after the Audit raised the question of fixing responsibility in October, 1964. No action was taken against the officers found responsible for the lapse at Cambay and the enquiry board also did not fix responsibility of the officers at the headquarters even by August, 1965. Thus the management failed to act promptly and was reluctant to take action against the officials responsible for the financial loss.

6. The Committee further enquired from the Ministry whether investigation had since been completed and responsibility fixed and also what action had been taken against the officers responsible for negligence.

7. In reply the Ministry have furnished the following information :—

“The ONGC has intimated that the Enquiry Report from the Board constituted for the purpose was considered and decided that though an Enquiry Board had held Sarvashri A. N. Solanki, Administrative Officer, R. Surlinathan, Officer-in-charge and G. S. Chandekar, Administrative Officer, of Cambay Project responsible in the matter, it was considered by the Commission that there were not sufficient reasons to agree with the finding of the Enquiry Board and as such the case was closed.”

8. Thus it may be seen that the ONGC have not agreed with the findings of its own Enquiry Board. They have not furnished to the Committee detailed findings of the Enquiry Board or the reasons which led the Board to reverse the decision of the Enquiry Board. In the absence of such information it is difficult for the Committee to judge whether the reasons which prompted the Commission to close the case were really ‘sufficient’.

9. The Committee however are surprised that the Oil and Natural Gas Commission have not taken any action against officers who had been held responsible by the Enquiry Board. Since ONGC is an autonomous body and the matter is 10 years old, the Committee would not wish to press the matter further.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 4)

The Committee consider that for planned development it is essential that targets of achievements are fixed in advance. They recommend that the targets for Field Parties should be fixed realistically and on scientific data with reference to the norms of work fixed so that assessment of performance may become easy. (Paragraph 16)

Reply of Government

As stated under reply to paragraph 15, the norms of work of field party, in terms of areal coverage in sq. kms., etc., expected with different types of mapping in different areas, have been fixed and targets laid down on the basis of such norms.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 8)

While inclement weather may be a good reason for the rigs to remain idle for sometime, there can be no excuse for keeping them idle on account of shortage of men, material and lack of instructions from Headquarters. Maximum utilisation of rigs could only be achieved by advance planning. As idle time of rigs puts up the costs of wells, the Committee consider it of utmost importance that energetic and effective measures should be taken by the Commission to have a planned programme for maximum utilisation of rigs. (Paragraph 33)

Reply of Government

As stated in reply to paragraph 27, certain decisions have already been taken to improve utilisation of rigs and the drilling performance. Also, a planned and realistic programme for maximum utilisation of each individual rig during 1965-66 has been carefully drawn up in consultation with the project and regional managers who are directly responsible for the execution of the programme.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 9)

It is noted that there is wide variation in the time prescribed and the actual time taken per well for different drilling operations. It has been explained that unforeseen difficulties can arise in transporting a rig and testing of a well. The wet weather and lack of roads make the transportation of rigs difficult. The Committee consider that it was bad planning not to have taken into account these factors in fixing the norms of operations. They expect that norms once fixed are adhered to. (Paragraphs 35-37)

Reply of Government

More realistic targets taking into account the various shortcomings and difficulties, have been drawn up for the drilling operations in 1965-66 as already stated in reply to paragraph 33.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 11)

The Committee understand that a considerable quantity of chemical mud is left at each drill site after the completion of the work and that considerable saving of cost can be effected if it is collected and used at other wells. They have been informed by the Commission that arrangements are now being made to do this. This would indicate failure to appreciate the economics of left out mud chemicals, which cost a good deal. The Committee trust that greater awareness of such matters which ultimately affect the economy of the Commission, will be displayed by the Management in future.

(Paragraphs 41-42)

Reply of Government

Transportation of left-over mud from well to well for re-use would be feasible only in such areas where wells have to be drilled at relatively short spacings. The feasibility of such an arrangement is being studied in one or two areas as an experimental measure.

2. The possibility of setting up a central mud plant is being explored at the Kalol and Nawagam oilfields, where the well spacing policy is suitable for the operation of such a plant. For the projects where the distance between wells does not favour the operations of a central mud plant, the alternative of transporting mud in mobile mud-tanks is also being examined.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 12)

The Committee appreciate the difficulties in supplying crude to the two oil refineries at Bombay from Ankleshwar after the Koyali refinery goes on stream. To meet this shortage these refineries will have to import crude from abroad involving an annual expenditure of about Rs. 6.64 crores in foreign exchange. This situation underlines the necessity for exploiting the oil resources in the Western region so as to attempt to maintain the present supplies to these refineries. The Committee urge that every effort should be made by the Commission to exploit as quickly as possible new oilfields in the area.

(Paragraph 44)

Reply of Government

Production from the Ankleshwar oil field when fully developed will be at the rate of about 2.6 million metric tons per year. The full throughput requirement of the Koyali refinery is 3 million metric tons per year.

In the Western Region, the Commission has struck oil also in Kalol and Nawagam areas near Ahmedabad. The Commission is making a vigorous effort to intensify drilling operations in the two areas in order to complete the exploration work and to start production as quickly as possible. With this object in mind, the Commission is deploying 6 and 5 drilling rigs respectively in Kalol and Nawagam areas during the current financial year.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 13)

The magnitude of import of oil and its products in the country, the rapid increase in their consumption in future and the continuing scarcity of foreign exchange underlines the urgency and importance of exploring and exploiting the oil and gas resources in the country. Some progress has been made in discovering oil and establishing its production but the consumption of crude and refined products is rising at such a rapid rate that determined efforts have to be made by the Commission to discover more oil fields in the shortest time possible. The Committee feel that towards this end, the Commission should lay greater emphasis on rapid exploitation of areas known to be oil bearing. (Paragraph 47)

Reply of Government

The Commission is making vigorous efforts to locate and develop more oil fields in different parts of the country. Steps that are being taken in Kalol and Nawagam areas have already been mentioned in reply to paragraph 44. Outside the Western Region, the Commission has struck oil in Rudrasagar and Lakwa areas of Assam. In the former drilling operations are being intensified with the object of completing exploration and starting trial production as early as possible. For this, 4 drilling rigs will be deployed during most part of the current financial year and fifth rig will be added towards the end of the year.

2. In Lakwa area, where a large volume of exploration work has still to be carried out, 4 drilling rigs will be deployed during most part of the current financial year and three more will be added in the latter part.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 16)

In the production of gas at Cambay some vapours condense into liquid hydrocarbons, technically known as condensate. With the production of about a quarter million cubic metres of gas per day, about 40 tonnes of condensate are expected to be produced. The Committee understand that the condensate can either be used in the drycleaning or in petro-chemical industries or can be blended with crude oil and refined. They hope that as and when the supply of gas begins and condensate becomes available every effort will be made to market the product so that it may not go waste. (Paragraph 55)

Reply of Government

Steps are in hand for the disposal of the condensates, firstly an advertisement is being put in the press in order to find out the likely buyers of condensates. Secondly, a trial is being made for the under-ground storage of condensate by injecting it into formation in a nearby well.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 17)

The Committee consider that the terms and conditions governing the advance of funds to the Commission should be determined by Government as early as possible. They feel that the giving of grants of the order of Rs. 130 crores to such bodies indefinitely is not conducive to efficiency and economy as it encourages lack of cost consciousness. (Paragraph 59)

Reply of Government

The procedure of Government providing funds to the Oil & Natural Gas Commission as "Capital" has already been superseded and the present practice is to provide funds partly as "Capital grant" and partly as "Loan." A loan of Rs. 10.29 crores was sanctioned in 1964-65 and for 1965-66 the proposal was to advance funds as loan and Capital in the ratio of 50 : 50. The pattern of apportioning funds as loan and Capital in future will shortly be finalised in consultation with the Ministry of Finance.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 30th October, 1965)

Recommendation (Serial No. 19)

The Committee feel concerned at the inordinate delay of more than five years in the finalisation of the form and manner in which the accounts of the Commission are to be maintained. Action in the matter was initiated only in October, 1961, after a delay of two years. Even three years thereafter, the final decision has not been taken in the matter. This is a serious lapse. The Committee consider that in such cases where Government is statutorily responsible for prescribing the form of accounts and the manner in which they should be maintained, it should be ensured by them that this is done expeditiously. (Paragraphs 66-67)

Reply of Government

The forms of accounts of the Oil and Natural Gas Commission have been revised in the light of suggestions made by the Director of Commercial Audit and the Comptroller and Auditor General of India. The Director of Commercial Audit who was requested to obtain the concurrence of the Comptroller and Auditor General to these revised forms of accounts in September, 1965, has now communicated the concurrence of Comptroller and Auditor General subject to certain suggestions, which are being considered in consultation with the ONG Commission. These are expected to be finalised in the very near future.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 30th October, 1965)

Recommendation (Serial No. 20)

It is surprising that although the Commission has been in existence since October, 1959, no efforts have been made by it to compile the Accounting Manual. The Committee consider that the unsatisfactory state of affairs in the maintenance of accounts particularly stores accounts, which has been referred to in paras infra, is partly due to the non-compilation of the Manual. They feel that the compilation of the Accounting Manual should have been taken up as soon as the Commission was set up. The Committee hope that at least now concerted efforts would be made to finalise and publish the Manual without delay. (Paragraph 69)

Reply of Government

As stated in the foot-note to this para, the Accounting Manual has been issued in March, 1965.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 22)

It was admitted during evidence that there had been a serious lapse in the maintenance of accounts relating to stores and that the standard had not been up to the mark. The Committee consider that the responsibility for the unsatisfactory state of stores accounts primarily rests with the Commission. It is surprising that the Ministry was not even aware of the situation till the receipt of Audit Report in April, 1963. It is normally expected of the administrative Ministries to keep themselves informed the true state of affairs in the public undertakings under their administrative charge. In view of the serious lapses in the maintenance of stores accounts the Committee recommend that the circumstances leading thereto should be investigated and responsibility fixed to avoid their recurrence. They urge that vigorous steps should be taken to bring the stores accounts in proper order and to reconcile the discrepancies found therein. (Paragraphs 71—74).

Reply of Government

Priced stores ledgers have been maintained from the year 1961-62, onwards. The accounting of stores and spares has been decentralised and priced stores ledgers are now being kept at the project offices. The value of the stores as reported by the project offices in their accounts are consolidated and kept at the head office.

2. The other aspects of the matter referred to in these paragraphs have been dealt with in reply to paragraphs 88, 94, 101, 102, 103, 105 and 113-114 of the Report.

3. There have, no doubt, been deficiencies in the maintenance of accounts, particularly stores accounts, by the Commission but vigorous efforts are being made to remedy them.

4. The ONG Commission was set up as a statutory organisation on 15-10-1959. In view of the difficulties involved in the change-over from the governmental system of accounts to the commercial system of accounts, there was delay in the finalisation of audit of the accounts of the Commission for the year 1959-60. The deficiency in the maintenance of accounts

came to the notice of the Government only on receipt of the First Audit Report on the Commission as a statutory organisation. Other administrative or financial reports did not contain any information on the question of stores Accounts.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 23)

The Committee are not convinced with the reasons advanced for the delay in the submission of annual accounts of the Commission. As far back as April 1958, the Estimates Committee in para 44 of their Twenty-second Report (Second Lok Sabha) relating to Oil & Natural Gas Commission, had recommended that the Commission should take immediate steps to draw up and maintain their accounts in commercial form. It is apparent that both the Commission and the Ministry did not realise the urgency or the need to finalise and submit the accounts within the time provided in the Act. In fact Rules were amended to cover the delays. The Committee cannot but regard it as extremely unsatisfactory. They recommend that concerted efforts should at least now be made to prepare and finalise the annual accounts by due dates as in the absence of such accounts the operation and performance of the Commission cannot be properly evaluated. (Paragraphs 78-79)

Reply of Government

All efforts are being made to adhere to the due date prescribed under rule 18(4) of the Oil and Natural Gas Commission Rules, 1960. Action has already been initiated to compile the annual accounts for the year 1964-65 and to submit them within the due date.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 25)

The Committee appreciate the steps which have now been taken by the Commission to augment indigenous production of stores, plant and machinery. They, however, feel that with a view to reduce dependence on imports and save scarce foreign exchange, greater effort is needed to establish expeditiously indigenous production of Stores and Spares, drilling and other equipment connected with the exploration and exploitation of oil. The Committee suggest that Government may conduct a survey of the existing capacity for manufacture of engineering equipment in the country so that machinery, equipment and spare parts which can be indigenously produced may not be imported. (Paragraph 83)

Reply of Government

Noted.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 10th December, 1965).

Recommendation (Serial No. 26)

It is evident that stores were purchased without proper assessment of requirements, which resulted in unnecessary stock piling and over purchasing of stores worth crores of rupees. Since most of these stores are imported, their over-stocking has involved not only blocking of capital but unnecessary expenditure of foreign exchange, apart from the danger of their deterioration, wastage and pilferage. It is vital that inventories should be related to the actual requirements. The Committee cannot over emphasise the imperative need of proper planning and systematic assessment of the requirements of stores and spares etc. They recommend that a suitable procedure should be evolved to ensure a proper check and control over the purchase and consumption of stores. It will be desirable to fix maximum and minimum limits for various categories of stores, taking into consideration their supply position. (Paragraph 88)

Reply of Government

Noted. Action to set right the stores accounts of the Commission is in hand and is expected to be completed by the end of 1965.

As a long-term measure, it has been decided to establish two zonal stores, one in the Western and the other in the Eastern region, where all imported equipment and spare parts will be received, checked, brought on charge and then issued to the various projects on "as required" basis. The projects in the respective regions will draw their requirements from the zonal stores.

It has also been decided to set up a Central Recording and Provisioning Section at the head office which will maintain necessary records in respect of receipts and issues made to the various projects by the zonal stores and will, therefore, be in a position to utilise the data for future provisioning. The Central Provisioning Section will also maintain central records of all the "dues-in" (stores expected against the previous contracts) and special commitments, if any, for the projects, which would assist in provisioning the future requirements intelligently and realistically. The stocks lying at projects will also be taken into consideration while formulating the future requirements. This section will fix up necessary maximum, minimum and re-order levels for all the imported stores required by the Commission, in order to bring about proper inventory control and provisioning.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 27)

The Committee are greatly concerned at the unsatisfactory state of store accounts in the Commission. Firstly, the capital stores have not been physically verified. Secondly, non-capital stores in all the units have also not been verified. Thirdly, the prescribed procedure for verification of stores was not followed till 1962-63. Fourthly, discrepant items had not been reconciled. The Committee deplore that such a sorry state of affairs was allowed to develop. It is a sad reflection on the control exercised in this regard by the Commission. They recommend that the matter needs thorough investigation not only to remedy the state of affairs but also to fix responsibility therefor. (Paragraph 94)

Reply of Government

A physical census of all capital stores held by the Commission was undertaken during the year 1964-65. The results are being compiled.

2. The Commission became a statutory authority on October 15, 1959. A stock-taking team to conduct verification of stocks was sanctioned shortly thereafter. But due to delays in recruiting the personnel, the team began to function only in May, 1960. Subsequently, several teams were constituted and stock-taking of all the stores formations, which now number about 30, was completed. In the early stages, verification of the Central and the Sib-sagar stores could not be completed due to lack of trained personnel. But from 1962-63 onwards, stocks at all the formations are being regularly verified.

3. Till 1962-63, the Commission had not been able to organise properly its accounts and internal audit branches. Hence, as a temporary expedient, the verification of stocks was entrusted to the stock-taking team under the guidance of the Stores Organisation of the Commission. But from 1962-63, the prescribed procedure for stock verification is being followed.

4. Continued efforts were being made to reconcile the discrepancies in respect of the previous verification cycles. A considerable number of past discrepancies had been reduced (from 36159 to 20253) by the end of June, 1965.

5. Some of the defects pointed out are the result of difficulties connected with a change-over from governmental to commercial system of accounting. There was, besides, some lack in the Commission of clear directions to the staff and supervision of their work in the early stages. At the present moment, it is difficult to fix responsibility on any individual. The Commission has, however, taken the necessary steps to remove the defects and re-organise the Stores accounting system. A senior officer of the Audit and Accounts Service has also been appointed by the Ministry to look into the Stores organisation and make a report. Further action in the light of his recommendations, will be taken in due course.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 30th October, 1965)

Recommendation (Serial No. 28)

The Committee consider that the non-linking of stores, particularly the imported ones for which payments have been made is a serious lapse. In the absence of linking, it is difficult to ensure whether the stores have been received. It is expected of every organisation to ensure that stores which have been paid for have been actually received. It is regrettable that the Commission did not make any effort to do this from the beginning. It may be difficult at this stage to link all the outstanding items of stores as they pertain to periods as far back as 1959-60. Nevertheless, the Committee recommended that energetic and effective steps should be taken to link the receipts of stores and spares with the invoices within a specified period.

(Paragraph 98)

Reply of Government

The linking of receipt of stores with invoices fell into arrear mainly due to certain special features in imports from the USSR and Rumania.

However, as a result of special efforts made since September, 1964, by two teams under the supervision of a senior officer, the value of the unlinked stores received up to 1962-63, which was Rs. 7.76 crores at that time, has been reduced to Rs. 2.41 crores by the end of June, 1965. Vigorous efforts are still being made to link the balance and it is expected that further linking will be possible by the end of the year.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 30)

It has been pointed out that the distribution registers for temporary issues of various items of stores on loan to contractors etc., had not been maintained properly in most of the projects. In some of the projects, these registers were not maintained at all. The Committee regret to observe that this is yet another instance of failure to maintain proper records by the Commission. The default is all the more serious as it relates to non-maintenance of records of temporary issues on loan to the contractors. The Committee, recommend that not only energetic efforts should be made to recover the items and complete the records, but action should also be taken to fix responsibility for the default. (Paragraphs 102-103)

Reply of Government

Appropriate action on the recommendation of the Committee has already been initiated by the Commission.

(Ministry of Petroleum and Chemicals, O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 31)

The Committee feel that the unsatisfactory state of affairs in the Stores Organisation is partly due to the fact that top managerial persons in the Stores Organisation had not the requisite experience in organising stores of this magnitude with the result that procedures for proper accounting and control of stores were not introduced in time. It is surprising that the inadequacy of the Chief Controller of Stores and Purchase in this regard could only be detected after a lapse of about three years. The Committee recommend that while recruiting persons for specific jobs, every care should be taken to ensure that they possess the necessary qualification and experience. (Paragraph 105)

Reply of Government

The recommendations of the Committee have been noted.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 33)

The Committee do not wish to go into the merits of the case referred to in paras 109 and 110 of the report as the matter is under investigation by the Special Police Establishment. They also consider that this case underlines the need for issue of specific instructions by Government regarding the purchase of goods manufactured in one public undertaking and required by another. In the opinion of the Committee, it would be desirable if public sector undertakings buy their requirements of goods directly from the undertakings manufacturing them rather than through private agencies. In the absence of such directions, it is likely that cases of this nature might recur. The Committee, therefore, recommend that the matter may be examined by Government. (Paragraphs 109—111)

Reply of Government

The matter has been examined and necessary instructions have been issued to the Ministries/Departments. Copy of Ministry of Finance O.M. No. F.13(49)/66-F.I., dated the 21st November, 1966 enclosed. (Appendix I)

Recommendation (Serial No. 34)

The Commission was not able to state whether the arrangements made for the proper storage accommodation of stores etc., at various projects were adequate or not. In this connection the Committee desired to be furnished with information regarding the value of stores (i) which were lying uncovered at the various projects and (ii) got deteriorated or became unserviceable on account of non-availability of proper storage accommodation. They regret to observe that the information is still awaited.

Reply of Government

The total value of stores lying uncovered at 22 projects and offices was Rs. 531.60 lakhs. The total value of stores which according to the report received so far, appear to have been damaged due to the inadequacy of the covered storage space, including costs of reclamation of some of the stores, is Rs. 15,318.00.

(Ministry of Petroleum & Chemicals, O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 39)

The Committee find that there is no direct co-ordination between the Commission which is wholly Government-owned body and Oil India Ltd., where Government holds 50 per cent shares. Neither any Member of the Commission has been represented on the Board of Directors of Oil India Ltd., nor the Government Director on that Board has been appointed as a Member of the Commission. The Committee feel that since Oil India Ltd. and ONGC are both engaged on similar activities viz. exploration and production of crude oil, it is desirable that there is co-ordination between the two organisations. The Secretary of the Ministry informed the Committee that the matter was very much under the consideration of Government. The Committee recommend that an early decision in the matter should be taken by the Government. (Para No. 124)

Reply of Government

In order to provide liaison between Oil India Ltd. and ONGC, one of the Government Directors on the Board of Directors of Oil India Limited, namely, Shri S. K. Guha, Joint Secretary in the Ministry of Petroleum and Chemicals has been appointed as a part-time Member of the Oil and Natural Gas Commission with effect from 22nd January, 1965.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 41)

The Committee note that even 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 a 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. The Committee regret to note that the Ministry has not organised a cell for this purpose. They suggest that expeditious action may be taken to set up a cell in the Ministry of Petroleum and Chemicals.

(Paragraph 127)

Reply of Government

The question of setting up a Technical Cell in the Ministry of Petroleum and Chemicals has been under consideration. In consultation with the Ministry of Finance, it has now been decided to set up a Planning and Development Unit in the Department of Petroleum, consisting of two senior officers, dealing with Refining and Exploration aspects respectively. It is proposed to designate the officers as Chief (Refinery Planning and Development) and Chief (Exploration Planning and Development).

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 43)

The Committee are rather surprised to note that despite the existence of such a large number of report and returns, the Ministry gets no clear picture of the problems and progress of the Commission. For example unsatisfactory state of stores accounts of the Commission came to the notice of Government only through the Audit Reports in April, 1963. Obviously these reports have not served the purpose for which these might have been introduced. The Committee are also doubtful whether all these reports are at all necessary. The Committee, therefore, recommend that the form and number of reports and returns should be reviewed by Government immediately, with a view to rationalising them and increasing their utility.

(Paragraph 131)

Reply of Government

A review of various returns received from the Oil and Natural Gas Commission has been undertaken. A few returns which had outlived their utility have been eliminated or where some over-lapping was noticed the relevant returns have been amalgamated. This has resulted in reduction of eight reports out of fifty-two. Other returns adjudged to be essential

or having a statutory basis have been retained. The returns serve specific purposes and the possibility of problems arising outside the scope of existing returns cannot entirely be avoided; only *ad hoc* reports can cover such eventualities. Regarding the state of Stores accounts coming to Ministry's notice only in April, 1963, the position is clarified in the reply to para 71—74.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 44)

The Committee are informed that the Regional Office at Baroda has been functioning efficiently and has contributed materially to greater efficiency by providing technical guidance to the projects. They understand that the Commission proposes to set up another Regional Office at Sibsagar for the Eastern Region. The Committee consider this step in the right direction since Regional Office contributes towards greater efficiency by co-ordinating the work and reallocating technical men and material depending on the need of different projects in the region. They hope that a decision in the matter would be taken expeditiously. (Paragraph 136)

Reply of Government

The Project Manager at Sibsagar, who is directly concerned with the operations, has also been given the over-all charge of Lakwa and Teok Projects, each of which is under the charge of a Deputy Manager. The Project Manager at Sibsagar also enjoys enhanced powers of a General Manager to facilitate the operation in Assam.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 45)

The Committee feel that in locating the Headquarters of the Commission at Dehra Dun, the Government have taken a hasty decision, without fully considering the advantages and disadvantages of the location. The Committee realise the difficulties of shifting the Head Office of the Commission at this late stage. They recommend that in future Government should give careful thought and consideration to all aspects before finally deciding upon the location of the Headquarters of a public undertaking. (Paragraph 139)

Reply of Government

Noted.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 46)

At present the offices of the Chairman and Member (Finance) of the Commission are located at Delhi. The Committee consider that the maintenance of two establishments at Delhi and Dehra Dun as well as the frequent visits of officials of the Commission to Delhi and Dehra Dun is not

conducive to good administration. The unsatisfactory state of stores accounts may partly be attributed to these two key officers being away from the Headquarters. The Committee are convinced that the Chairman and the Member (Finance) should be stationed at the Headquarters office otherwise supervision tends to be lax. Their presence at Dehra Dun would contribute to greater efficiency. The Committee recommend that the offices of the Chairman and Member (Finance) should be shifted to Dehra-dun. (Paragraph 141)

Reply of Government

The Headquarters of Member (Finance) of the Oil and Natural Gas Commission has been transferred to Dehra Dun with effect from 1st April, 1965.

The Chairman of the Commission, however, has to remain constantly in touch with the Government of India and various foreign organisations. The Commission's participation in off-shore exploration in Iran will, for some time to come, call for frequent overseas visits by the Chairman. Till such time as the position regarding the prospects in the Agreement area in Iran crystallises properly, Delhi is considered to be the most suitable place for the Chairman to work from. As the Chairman has to visit the different centres of Oil & Natural Gas Commission's activity in India, Delhi is a convenient base. For these reasons, a change in the Chairman's location at this juncture is not considered desirable.*

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965).

Recommendation (Serial No. 47)

It is evident that no systematic norms of work have been laid down for all categories of staff. The Committee consider that fixing of norms of work load is very essential for efficient and economical utilisation of staff. In fact they feel that the rise in the number of Class I Officers from 289 on 31-3-1961 to 626 on 31-3-1964 is disproportionately high. The Committee recommend that steps should be taken by the Commission to determine the norms of work load for all categories of staff expeditiously and to reassess and rationalise the staff strength accordingly.

Reply of Government

Norms of staff required for carrying out specific works have already been fixed for various field parties, teams and units, among which the following may be cited by way of illustration :

- (i) geological mapping parties;
- (ii) geological well-site parties;
- (iii) gravity-cum-magnetic field parties;
- (iv) seismic field parties;
- (v) electrologging parties;
- (vi) drilling teams;
- (vii) rig building teams;

*It was stated by the Ministry of Petroleum & Chemicals & Mines & Metal (Dept of Petroleum & Chemicals) at the time of factual verification that the Headquarters of the Chairman of the Oil & Natural Gas Commission have since been shifted to Dehra Dun.

- (viii) cementing teams;
- (ix) drilling tool yards;
- (x) teams for work-over rigs;
- (xi) testing teams;
- (xii) operating personnel for group gathering stations;
- (xiii) operating personnel for central tank farms;
- (xiv) operating personnel for compressors;
- (xv) operating personnel for mobile separators;
- (xvi) operating personnel for mobile boiler units;
- (xvii) operating personnel for sand fracturing units; and
- (xviii) operating personnel for oil terminal.

2. Some more norms for the teams for several other operations such as open hole testing, drill stem testing, technical sections (Drilling) at projects, rig movements etc: are being examined by the Industrial Engineering Unit. The norms finalised as a result of such study will be made applicable when approved. The strength of non-technical staff in various offices of the Commission is being reviewed.

An Industrial Engineer has already been appointed to undertake time and motion studies, where appropriate, in order to revise the norms realistically.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 48)

It is obvious from what has been stated in para 145 that a good many of the existing staff at Cambay Project are not employed fully. The Committee feel that there was little justification in having such a large complement of staff at Cambay, when the field has already been developed and is ready to supply gas to Dhuvaran Power Station. According to their own admission the requirements of staff at Cambay is estimated only between 200 to 300 after the supply of gas begins. This is an instance where excessive staff has been employed by the Commission irrespective of the need therefor. There appears to be no proper planning and programming for the deployment of staff. The Committee recommend that quick action should be taken to reduce the staff to the barest minimum.

(Paragraph 146)

Reply of Government

The Cambay Project is now a part of the Navagam-Cambay Project. A total of 37 technical and 74 non-technical staff of the old Cambay project has already been transferred to other projects. The Commission's special unit has conducted a work-study of this project recently with a view to reducing the staff further. As a result some more non-technical staff have been found surplus and they are being transferred elsewhere.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 49)

It is evident that strict control was not exercised on the payment of overtime allowance to the employees in the past. The Committee consider that the regular payment of overtime allowance encourages the staff to postpone work beyond the normal working hours to enable them to draw overtime. Such a practice is further encouraged when supervisory staff is also entitled to overtime allowance. The Committee trust that overtime payments would be reduced to the minimum as assured by the Chairman of the Commission. (Paragraph 149)

Reply of Government

Strict control is now being exercised on the overtime allowance to employees of the Commission. No overtime is allowed, unless it has been sanctioned by a senior officer corresponding to Class I under Government, specifically designated for this purpose in each office. Sanction is accorded only when the work cannot be postponed till the next day. However, due to the stores re-organisation that was recently undertaken on the recommendation of the Public Undertakings Committee, and for other important works that must be attended to immediately, some employees have to be allowed overtime according to the rules. A reference has been made to the Chief Labour Commissioner seeking clarification whether staff of the Commission at the head office at Dehra Dun, the regional offices at Baroda and Sibsagar and in project offices come under the category of industrial workers; if they do, it will be obligatory for the Commission to pay the workers overtime allowance.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 50)

It came out during evidence that while Koyali Oil refinery is under the Commission, the other two refineries in the public sector are being managed by Indian Oil Corporation. The Committee are not happy about the present arrangement as they consider that public undertakings in the same field of activity should normally be under the administrative control of one management. It is, therefore, desirable that the Koyali refinery should be transferred to the Indian Oil Corporation. They recommend that a decision in this regard may be taken without any delay. (Paragraph 151)

Reply of Government

The decision to transfer Koyali Refinery to the Indian Oil Corporation was taken in September, 1964 and the actual transfer was made on 1-4-1965.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 51)

The Committee appreciate the measures taken by the management in effecting savings in the cost of Koyali refinery. They trust that such efforts would continue to be made by them to reduce expenditure, wherever pos-

sible. The Committee would also like to add that when officers show such initiative, it is but proper that their merit should be recognised in some fitting manner and the matter given due publicity so that others could emulate them. (Paragraph 153)

Reply of Government

This has been noted.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 53)

The Committee note with satisfaction that in determining the pattern of production of the Koyali refinery, the future requirements of the country have been kept in view. (Paragraph 157)

Reply of Government

This has been noted.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 54)

In view of the increasing demand for synthetic chemicals, fertilizers and organic polymers, the Committee cannot over-emphasise the importance of setting up of petro-chemical industries in the country. It has been stated by the Minister of Petroleum and Chemicals recently that "the growth of Petro-Chemical complex in different regions in the country will bring about an economic transformation and change in the present sluggish economy of India with new life and vitality." (The Committee trust that concerted efforts will be made to set up these industries at an early date. (Paragraph 159)

Reply of Government

Plants with a total capital cost of around Rs. 65 crores, licensed to a number of private parties are under erection. Letters of Intent have been issued to a number of other parties.

Schemes to be implemented in various parts of the country, in specific phases have been drawn up. The most important of them is the Gujarat Complex. The Benzene-Toluene plant is already under erection. Negotiations for technical and financial collaboration in respect of other parts of the complex are in an advanced stage and are expected to be finalised shortly.

Apart from the above, a list of items to be manufactured around the refineries at Barauni, Haldia and Madras have also been drawn up. Further action will be taken up soon after the Gujarat Complex gets going.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 56)

The Committee feel that the designs given by the Rumanians for the Central Workshop, Baroda, are costlier and not related to Indian conditions. It also transpired that the specifications and designs of the workshop are intended to bear the weight of snow in winter, a condition which does not prevail at Baroda. It has been admitted by the representative of the Commission that such a structure is not necessary and that there has been a lot of waste. The Committee consider that the cheaper designs for these structures could have been prepared in the country itself. This has resulted not only in the payment of Rs. 4.7 lakhs to the Rumanians for these designs but in increased costs in their construction. The Committee urge that remedial measures should be taken to avoid recurrence of such cases in future. (Paragraph 165).

Reply of Government

The designs given by Rumanians have been modified to suit Indian conditions and also to make them cheap. The observations of the Committee have been noted for future guidance.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 58)

The Committee also desire to emphasize that it would encourage irregularities and indiscipline if the delinquent officers of one public undertaking are allowed to secure employment in another public undertaking or Government. They, therefore, recommend that Government should lay down guiding principles governing the employment of officers of one public undertaking by another public undertaking or Government so as to ensure that such cases do not recur. (Paragraph 173).

Reply of Government

General instructions on the subject have already been issued by the Ministry of Industry and Supply. However, this particular recommendation is being brought to the notice of all the undertakings for their guidance and for the need to strictly adhere to the instructions on the subject.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 10th December, 1965).

Recommendation (Serial No. 59)

The Committee understand that at Ankleshwar an overhead water tank of 50,000 gallons capacity costing Rs. 68,000/- collapsed at Ankleshwar within one day of its completion, when it was being tested. The Committee are unhappy about the accident. They feel that had proper care and supervision been exercised in the beginning by the project authorities this accident which has delayed the commissioning of an essential service would not have happened. It emphasises the necessity to take every precaution in awarding contracts in future. (Paragraph 175).

Reply of Government

The observation of the Committee is accepted. It is, however, pointed out that the contractor is replacing the water tank at his own cost. Necessary instructions have also been issued to all concerned to include a penalty clause in each contract to be awarded in future. In the event of damages the clause should be enforced with a view to recovering the liquidated damages.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation—(Serial No. 60)

The Committee are informed that at present 38 buildings have been hired at Dehra Dun for accommodating various directorates/divisions/laboratories etc. of the Commission. The annual rent paid for these buildings came to about Rs. 1,75,176. It is stated that a proposal to construct three Blocks of four storcys each in Tel Bhavan Campus to accommodate some offices is already under the consideration of the Commission. As the Commission is paying heavy rents for hired buildings, the Committee recommend that a decision on the proposal may be taken as early as possible. (Paragraph 176)

Reply of Government

It has now been decided to build 40 sheds in the Tel Bhavan compound to accommodate all the offices now functioning at Dehra Dun and housed in hired buildings. It is expected that it would take about 9 working months to construct 40 sheds for this purpose.

The various laboratories and workshops also housed in hired accommodation at Dehra Dun are proposed to be shifted to the Research and Training Institute building now under construction at the Kaulagarh tea estate.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 61)

During their examination of the Oil & Natural Gas Commission, the Committee have kept in mind the difficulties that a new venture like the ONGC had to face in the field of oil exploration and exploitation. The task of the Commission was not an easy one particularly as oil technology was new to the country and there was a shortage of technically experienced persons. Despite these difficulties the efforts of the Commission in locating new oil/gas fields and putting the country on the oil map of the world is commendable. (Paragraph 177).

Reply of Government

Noted.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 62)

The Committee feel that with proper management, coordination and control, most of the short-comings in the working of the Commission could

have been avoided. They hope that with the appointment of a full-time Chairman as the Chief Executive of the Commission as recommended by the Committee, these lapses would not recur and the Commission would be geared to the task of exploring and exploiting the oil resources of the country at a faster pace.

The Committee have no doubt that the Commission would now direct its energies to full utilization of its manpower and costly drilling equipment. At the same time efforts should be made to reduce dependence on imported drilling equipment by arranging its production at the Heavy Engineering Corporation or other indigenous sources as early as possible. (Paragraphs 179-180).

Reply of Government

We accept the recommendations of the Committee. With the appointment of a full-time Chairman, things have improved.

Vigorous efforts are being made to reduce dependence on imported drilling equipment by availing of the existing installed capacity in the country. Action for procurement of spare parts from indigenous sources for nearly 1200 components has been initiated. Arrangements have also been made with the Heavy Engineering Corporation Limited, Ranchi to undertake the manufacture of drilling rigs along with spare parts. Private sector is being tapped for the indigenous manufacture of equipment and spare parts etc.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 10th December, 1965).

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (Serial No. 1)

Considering the urgent need to establish indigenous sources of oil, the Committee feel that the progress of surveys made by the Oil and Natural Gas Commission is slow. They consider that the difficulties enumerated by the Commission could well have been foreseen and are certainly not insurmountable. It is regrettable that no detailed long-term and short-term plans with the targets to be achieved in each field have been set out. The Committee hope that this important aspect would receive urgent attention by the Commission. (Paragraph 10).

Reply of Government

The volume and scope of geological and geophysical surveys to be carried out in connection with exploration for oil must necessarily depend on the results of drilling operations carried out in, or close to, the areas covered by such surveys. Therefore, it is not feasible, in advance of the drilling operations, to determine the precise volume of the different types of surveys that would be required to be carried out or to draw up precise plans for full and complete coverage of different areas by different kinds of surveys. The periods estimated for coverage by geological survey, and geophysical survey, namely, 7 years and 10 years respectively, represent only very broad estimates. Depending upon the results of the drilling operations, the time taken for completing the required surveys can be quite different.

2. The volume of drilling operations to be carried out by the Commission during the next few years has, necessarily, to be limited because of the shortage of experienced technical personnel and drilling equipment and also because additional wells in any particular area can be planned only on the basis of results of wells drilled earlier in that area. As geological and geophysical surveys have to be carried out keeping in mind the results of the drilling operations, it is not prudent to undertake a very large volume of such survey work in an area in advance of the results of drilling operations.

3. In view of the above consideration, the annual targets for the geological and geophysical field parties are set down in terms of coverage in square kilometres etc.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 2)

It will be regrettable if the latest techniques and tools are not availed of for lack of foreign exchange. The Committee, therefore, urge that Government should give serious consideration to this aspect and allocate foreign exchange to the Commission for this purpose. There is also no reason why the assistance of U.S.S.R. and Rumania, which are rupee area countries may not be fully utilised for the purpose. (Paragraph 12).

Reply of Government

The lack of foreign exchange is mainly from "free resources". Instruments and equipment required for certain improved techniques for oil exploration are not available from the USSR or Rumania and can be procured only against "free" foreign exchange.

2. In view of the acute foreign exchange shortage, specially in respect of "Free Resources" Government is not likely to be in a position to allocate more funds under "Free Foreign exchange" to the Commission. The position can be reviewed only when the "free foreign exchange" position improves.

3. Although, credit is available from the Government of the USSR, it has not been possible to utilise it for purchase of spare parts for drilling rigs and other machinery imported from that country because the Soviet Government are of the opinion that spare parts should be paid for from the trade plan allocations of current year. Further, as stated above, instruments and equipment for certain improved techniques of oil exploration are not available in the USSR. It is mainly for these reasons that it has not been possible to fully utilise the available Soviet credit during the period of the Third Five Year Plan.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 3)

It seems to the Committee that allocation of work to the Geological Field Parties proceeded on area basis rather than on norms of detailed mapping to be done by them. This obviously has resulted in the Parties not being fully engaged in the areas allocated to them. Such a situation could have been avoided, had norms of work for detailed mapping been fixed for each Party. Further it will be noticed that targets have been scaled down from 1769 Km. in 1961-62 to 232 Km. in 1963-64, while there was not much difference in the number of parties employed.

The Committee understand that the Commission has recently fixed the targets and has directed that any change therein should be reported to it for approval. The Committee are not happy that this essential decision was not taken by the Commission much earlier. (Paragraph 15).

Reply of Government

Annual targets of work, in terms of areal coverage, have been fixed for the geological field parties and have been followed almost from the beginning of Commission's operations. It was only about a year ago that a decision was taken to eliminate the areal coverage from the targets to be given to the field parties, but the decision was revoked a few months later, before the commencement of next field season.

2. As regards the norms for fixation of targets, the view held earlier was that it would depend on geological conditions prevailing in an area, which would, naturally, vary from area to area and even from one portion to other within the same area. Consequently, no hard and fast norms had been fixed. Targets for the field parties had been set on the basis of areal coverage that could be expected from them in a particular area taking into

consideration the terrain, geological complexities, past experience etc. On further consideration, however, norms in regard to coverage to be expected from the field parties in respect of different types of mapping in different areas, have now been fixed and targets set down on the basis of the norms.

3. Geological mapping is of different kinds, namely, detailed, semi-detailed, reconnaissance etc. Whether a particular field party should, during a particular field season, be assigned detailed or some other type of mapping would depend on the requirement of the exploration work. Thus, during particular field season, there can be less of detailed mapping and more of other types of mapping without any reduction in the total volume of work to be carried out by a field party.

4. As regards the scaling down of the targets, in the first place, the figures mentioned in paragraph 15 are in respect of detailed mapping only, the total targets for these two years (1961-62 and 1963-64) were much higher as they also included a large volume of semi-detailed mapping and traversing. Secondly, the figures for the targets of detailed mapping as mentioned in paragraph 15 are not correct; the correct figures worked out on the basis of field season targets should be 1133 sq. km. Thirdly, the requirement of detailed mapping in 1963-64 field season was less than in 1961-62 field season, only 7% of the field parties having been assigned detailed mapping in the former (1963-64) as against 38% in the latter (1961-62). The reasons would explain the reduction in the target for detailed mapping; but even the targets for semi-detailed mapping and traversing for 1963-64 field season were somewhat less than for 1961-62 field season because as already explained, the target for a field party in 1963-64 was fixed on the basis of the coverage that could be expected from the field party in that particular area on the basis of terrain conditions, geological complexities, past experience etc. and not on a fixed norm for different types of mapping.

As stated above norms for different types of mapping have since been laid down for different areas and targets are being laid down on the basis of those norms from 1964-65 field season onwards.

(Ministry of Petroleum & Chemicals O.M. No. 12/38:65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 5)

It is noted that no standard unit costs of surveying and drilling have been fixed so far by the Commission. The Committee fail to understand as to how in the absence of standard costs, the efficiency or otherwise of its operations in the matter of surveying and drilling has been judged by the Commission. The Committee recommend that an attempt should be made to fix and finalise these costs expeditiously in the light of experience gained by the Commission. Efforts should also be made to collect the costs obtaining in other countries and Oil India Limited, for judging comparative efficiency. (Paragraph 18).

Reply of Government

The Commission has already fixed standard costs of drilling for production wells in the Ankleshwar field for development wells in the Kalol field and for exploratory wells in the Rudrasagar field. Standard costs of the

remaining areas, where drilling is mainly of an exploratory nature, will be fixed as the work progresses, more wells are drilled and adequate operational data become available.

2. Standard costs for geological and geophysical surveys are more difficult to fix as the conditions under which these surveys are conducted vary considerably from area to area, and even within the same area, so that exact standards cannot be laid down in advance and actual performance measured against them. At present, costs of geological and geophysical surveys for the field season of 1964-65 are being compiled; when similar costs for the field season of 1965-66 are also compiled, there would be some data about the actual behaviour of cost and on that basis, standard unit costs for survey work can be attempted with as much precision as possible. Before 1964-65, expenditure on geological and geophysical surveys had not been booked according to functional heads and it is not, therefore, possible to compile the cost of surveys for the period prior to that year.

3. Cost estimates are also being prepared for the geological and geophysical survey parties for the field season of 1965-66. The actual performance will be measured in relation to these cost estimates.

4. The object of comparing costs with Oil India Limited is to assess the comparative efficiency. For this purpose, it is desirable to recast the cost figures, since there is no uniform costing procedure, so as to bring the cost of two units on a comparable basis. This is necessary because of :—

- (i) different rates of depreciation adopted for various fixed assets;
- (ii) absence of uniform classification of expenditure into capital and revenue;
- (iii) different treatment given to repairs and maintenance costs;
- (iv) different basis for apportionment and allocation of overheads; and
- (v) different treatment adopted for calculating leave salary gratuity etc.

5. A realistic comparison with costs of foreign countries is not possible because of the following reasons :—

- (i) the absence of uniform cost accounting procedure;
- (ii) difference in the geological formation of the structures in different countries;
- (iii) variations in the depth of wells which affect technical factors and thereby cost;
- (iv) different price index levels in different countries;
- (v) variation in index of industrial advancement from country to country resulting in non-availability of uniform equipment, repair and maintenance facilities,
- (vi) the level of economic advancement directly affects labour productivity and hence labour cost.
- (vii) cost data of operating companies in foreign countries is considered to be of a confidential nature, and not supplied to any one unconnected with the company.

6. The average cost per metre of drilling in various areas of the Oil India Limited, the cost accounting procedure of the Oil India Ltd. and other relevant data are being obtained for making a proper assessment and comparison.

(Ministry of Petroleum & Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 6)

The Committee are unhappy at the reduction of targets for drilling of wells from 611 to 480. As admitted by the representative of the Commission, the scaling down would affect the future production programme of the Commission. The Committee consider that urgent attention should be given to remove the difficulties encountered by the Commission. It is wasteful to allow rigs to remain idle for long periods for want of transportation equipment. The Committee have no doubt that with better utilisation of men and rigs and proper planning, the targets for the Third Plan can still be revised upwards. They, therefore, suggest that the matter may be reviewed. (Paragraph 27)

Reply of Government

The Commission has carefully analysed the causes which handicap fuller utilisation of rigs and affect drilling performance. As a result of this study, the following decisions have been taken :—

- (i) to delegate to the Project Managers enhanced powers to enable them to execute the programme of work drawn up for 1965-66. The enhancement in the powers is mainly in respect of :
 - (a) sanctioning of expenditure and procurement of equipment, spares and materials available within the country;
 - (b) acquisition of land for construction of drill site foundations, approach roads etc;
 - (c) sanctioning the appointment, according to norms laid down, of technical personnel required for drilling operations; and
 - (d) hiring of transportation vehicles and automotive equipment where necessary and feasible.
- (ii) Introduction of a new incentive bonus scheme aimed at achieving better drilling performance.

A major repair workshop is being set up at Baroda. It has started operating from August, 1965. The workshops at the projects are being strengthened.

Systematic training is being imparted to personnel at all levels,

- (a) at the technical training institutes set up and which are being strengthened with equipment and some staff from the USSR;
- (b) at the Research and Training Institute at Dehradun.

In addition, evening classes have been arranged for specialised training at some of the projects.

Suitable oil field transportation vehicles and lifting equipment are not always available from the USSR, or the East European countries. This has

been one of the major handicaps so far. The Commission has, therefore, earmarked a major part of the credit allocation recently received under the Colombo Plan from the Canadian Government for purchase of such vehicles and equipment. Orders for some lifting equipment have also been placed under an allocation from Dutch Credit. In spite of these orders, shortage of heavy transportation vehicles and lifting equipment is likely to continue.

In view of this, it is submitted that it would serve no purpose were the Commission to revise the Plan targets upwards, especially as we are nearly at the end of the Third Five Year Plan.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 7)

Whatever the reasons, the fact emerges that there have been inordinate delays in the utilisation of rigs. This indicates that the Commission had not proceeded on any planned programme with the result that there was no feeling of urgency for utilising all the rigs within a scheduled programme. The Committee feel that the appointment of a Liaison Officer in U.S.S.R. could have avoided the despatch of incomplete rigs. (Paragraph 31)

Reply of Government

The reasons for the delay in utilisation of rigs have been explained in reply to para 27.

In the latter part of 1961, the Commission considered the appointment of a Liaison Officer in the USSR. The proposal was, however, dropped on the assurance given by the Soviet Government that every care would be taken to despatch consignments according to the Commission's instructions; that arrangements would be made for proper markings on the rigs and their parts; and that despatch of incomplete rigs would be avoided.

The Soviet authorities had also agreed to mark different types and sizes of steel pipes used in oil-well drilling with different colours for easy identification. The Commission was further assured that all necessary shipping documents, invoices, etc. would be sent as promptly as possible. The authorities set up a sub-organisation at Odessa to take care of these questions. The matter is being constantly pursued with the Soviet authorities.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 10)

The Committee are unable to appreciate why the approach roads at drill site at Ankleshwar were constructed in some cases after the drilling was over. They feel that there has been lack of planning in their construction. The Committee recommend that the whole question of construction of approach roads needs investigation to avoid similar situations in future. (Paragraph 40)

Reply of Government

In some cases no approach road was required when the rig was transported to the drill site in the dry season, but the approach road was required

after completing the drilling at that point when the same rig had to be transported to the next point in the wet season. It is further pointed out that approach roads to the wells are necessary even after drilling is completed for carrying out the maintenance of the wells and other oil field operations.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 14)

The Committee consider it unfortunate that there has been delay in the supply of gas to the Dhuvaran and Uttaran Power Houses of Gujarat Electricity Board. This has resulted not only in deferment of revenue to the Commission but flaring up of considerable quantities of gas. Further the existing staff at Cambay is not fully employed as pointed out in para 146 infra. The Committee urge that concerted efforts should be made by all concerned to see that the supply of gas is started as early as possible, so as to avoid unnecessary wastage. They also recommend that until such time as Uttaran Power House is ready to utilise the gas, the feasibility of pumping and storing it underground may also be examined by the Commission. (Paragraph 52)

Reply of Government

The Dhuvaran Power Station was commissioned on December 14, 1964 and supply of gas commenced from that date. Work in connection with the modification of boilers for using gas in place of coal at Uttaran Power Station with the help of Czechoslovakian technicians is in progress and regular supplies will start as soon as it is completed. However supplies in small quantities have started on 24-9-1965.

2. Pumping of associated gas released from crude oil produced in a field into the rock formations therein for the purpose of storage is not technically considered proper. A separate place has, therefore, to be found for the underground storage of gas where sub-surface rocks include porous formations (in which gas can be stored) at shallow depth overlain by impervious formations which would prevent the gas from escaping. It is proposed to undertake a preliminary study of the seismic and electrologging data of some of the areas in which oil has been struck by the Commission to see if there is any chance of finding suitable places for underground storage of associated gas. This may easily take 4-5 years.

There is no alternative but to continue to burn the associated gas produced at the Ankleshwar field, until the Uttaran Power House is in a position to take it.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 15)

The Committee understand that the price at which the gas will be supplied to Dhuvaran and Uttaran Power Stations of Gujarat Electricity Board has not yet been settled. As there was some dispute about the sale price of gas, the matter has been referred to an Arbitrator.

In this context the Committee feel that the price of gas or at least a formula for its fixation should have been agreed upon at the time of entering into the agreement to supply gas rather than leave it to a later date when it has become necessary to refer it to arbitration. (Paragraph 54)

Reply of Government

As already stated at the time of factual verification of the Report, the Oil and Natural Gas Commission had reached agreement with the Gujarat Electricity Board about the price of gas to be supplied. However, the State Government re-opened the matter necessitating the reference of the issue to arbitration by the Government of India. The arbitrator's award is awaited.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 18)

The Committee fail to understand how in the absence of physical verification and proper valuation of the assets, it could be ensured that the initial capital of the Commission was represented by real assets taken over by it. It was wrong for the Commission not to have followed the normal procedure in this respect. They recommend that immediate steps should be taken to reassess and evaluate the initial capital of the Commission. (Paragraph 63)

Reply of Government

The initial capital of the Commission of Rs. 557.76 lakhs as on 15-10-1959 was determined on the basis of non-recurring expenditure incurred by Central Government for or in connection with the existing organisation up to that date, which had been declared to be capital expenditure, under Section 16(1) of the ONGC Act, 1959. The figures of this expenditure were duly verified by Audit before the amount was determined by Central Government. It was not based on the valuation of assets taken over by the statutory Commission. A similar procedure was adopted in the case of Air Corporation under the Air Corporation Act, 1953.

No physical verification of the assets was, therefore, conducted. In any case, it is not possible to verify at this distance of time the position of assets obtaining as on 15-10-1959, and correlate the value with the physical assets. As the initial capital was correctly determined according to the provisions of the ONGC Act, 1959, its re-assessment is not necessary.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 21)

The Committee further feel that it would be very desirable if Government in consultation with Comptroller and Auditor General of India should arrange to compile a standard Accounting Manual for the guidance of all the public undertakings which could be adapted by them with suitable modifications wherever necessary. This should present no difficulty as there are certain basic forms which are common to all public undertakings and can be standardised. (Paragraph 70)

Reply of Government

This has been examined by the Bureau of Public Enterprises in consultation with the Comptroller and Auditor General of India. In view of the difficulties in preparing a Standard Accounting Manual to suit the needs of different types of undertakings in the public sector, it is felt that instead of compiling a Standard Accounting Manual for the guidance of all public sector

Undertakings, each undertaking should prepare its own Accounting Manual. While preparing the Manual, the deficiencies so far pointed out by Audit in each case should be taken care of. If, however, any undertaking has any difficulty in this respect, Government of India will, no doubt, give all possible assistance to the Undertaking concerned and take the advice of Comptroller and Auditor General where necessary.

In so far as ONG Commission is concerned, it has already prepared its own Accounting Manual in March, 1965.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th July, 1967.]

Recommendation (Serial No. 24)

The Committee note that at present the audited accounts of the Commission are not included in its Annual Report and the two documents are presented to Parliament separately. They suggest that as far as possible the audited accounts should be included in the Annual Reports of the Commission. (Paragraph 80)

Reply of Government

The Annual Report of the Commission is prepared under Section 23 subsection (2) of the O.N.G.C. Act, 1959. This Report contains a full account of its activities, policy and programme during the previous financial year and an account of the activities likely to be undertaken during the current financial year. This Report is normally presented to Parliament within 6 months of the close of the financial year. The compilation of annual accounts and their audit, however, require more time. Rule 18(4) of the ONGC Rules, 1960 provides for the submission of the annual accounts by the Commission, together with the Auditor's certificate and report thereon, by end of February of the following year to which the accounts relate. It may not, therefore, be possible to publish the annual accounts alongwith the Annual Report. However, every effort will be made to compile the annual accounts and get them audited as speedily as possible. In case the accounts are received duly certified by the time the Annual Report is ready, they will certain be included in the latter as recommended by the Committee.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 29)

The Committee are informed that records relating to the purchases and issues of capital and non-consumable stores were not properly maintained in most of the store formations of the Commission. The Committee consider the position as extremely unsatisfactory. It is surprising that proper records of the issues made to the departments and parties have not been maintained. Considering the nature of the articles issued, the Committee are not sure whether they can now be located and recovered. It is not unlikely that the Commission will be forced to write off most of them ultimately. Nevertheless the Committee recommend that every effort should be made to trace all the articles and complete all the registers. They also recommend that the circumstances leading to this state of affairs need to be investigated and responsibility fixed.

(Paragraph 101)

Reply of Government

Capital items referred to in this paragraph were issued to the personnel of the geological and geophysical field parties against written indents from 1956 onwards. The issues were recorded at first in the "Storage-in-Hand" ledgers. Subsequently, in 1961-62, "Distribution Registers" were introduced and all items shown in the "Stores-in-Hand" ledgers were entered into the "Distribution Registers". The entries in the latter required acknowledgement of the indentors. As, however, articles in question had been passed on from one party Chief to another during the preceding years, (for various reasons, such as the transfer of the party chief and some of the other party personnel from one field party to another and from one field season to another field season), the Distribution Registers could not be kept up-to-date.

Thus it happened that items that were issued in the name of a particular officer 6 to 7 years ago were physically passed on by him to the next officer and by the next officer to still another officer and so on; yet the entries in the registers remained in the name of the first officer.

All such cases of transfer of items from one officer to the next and so on are being investigated, and the officers believed to be in possession of the items now are being made to sign the registers. In respect of the cases which cannot be settled in the manner stated above, the officer in whose name the item stood in the latest entry in the register or any other record, will be asked to make good the loss, or alternatively the loss will be written off if there is sufficient reason.

In addition to the above, a census of all the capital items was conducted in all units of the Commission in 1964-65. The data collected during the census will help to tally the number of the various items actually held by different units with the relative entries in the Distribution Registers. The tally will also reveal if any of the items have been lost.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 35)

The Committee are constrained to observe that the Commission has failed to assess properly its requirement of storage accommodation for stores worth several crores of rupees. They recommend that immediate steps should be taken by the Commission to assess properly its requirements in this regard and initiate expeditious action to provide the same by a phased programme, if necessary. (Paragraph 114)

Reply of Government

An assessment of the requirements of covered accommodation for storage of equipment and materials was made in March, 1963. Construction of 86 additional sheds (each 40' x 100') at an estimated cost of Rs. 48 lakhs was sanctioned by the Commission for the 'Stores formations' of various projects and regional offices. Of these 40 sheds have been completed so far and 20 more are coming up. 26 sheds are yet to be constructed. The work has been hampered to some extent due to non-availability of essential construction materials. The Commission have now accepted a proposal to have zonal stores in Western and Eastern Regions and consequently some re-orientation

of the location of sheds is necessary. The sheds to be built will be distributed accordingly between Eastern and Western Regions and urgent requirements of the projects.

2. Though items of the value of about Rs. 4.35 crores had to be stored in the open due to lack of storage accommodation, measures were taken to cover them with tarpaulins etc. and as a result of the construction of sheds, substantial number of items stored in the open in the past have now been shifted into the sheds.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 36)

The Committee feel that if the standard of efficiency in the Commission is to be improved, it is desirable that there should be a 'Chief Executive' who should have overall responsibility for the working of the Commission. The Committee suggest that the desirability of appointing the full time Chairman as 'the Chief Executive' of the Commission might be examined by Government. This will not only enable the Chairman to exercise better day to day control and supervision over the various activities of the Commission, but will also lead to expeditious implementation of the policies and programmes of the Government and the Commission. Both the Secretary of the Ministry and Chairman of the Commission agreed with this view. (Paragraph 118)

Reply of Government

The Oil and Natural Gas Commission Act, 1959 under which the Oil and Natural Gas Commission has been constituted, does not provide for appointment of the Chairman as its Chief Executive Officer. The Commission has, therefore, been functioning as a Commission, with Members assigned specified areas of responsibility, and the Chairman acting as the first amongst equals, which gives him an authority and scope for control and co-ordination. The said Act will have to be amended if the Chairman has to be appointed as the Chief Executive Officer of the Commission. While this course may have some advantages, there are important general considerations (e.g. necessity to give adequate status, encouragement and high level responsibility to technical personnel functioning as Members) in favour of the *status quo*. There is, therefore, at present no scope nor need for altering the existing pattern.

[Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965.]

Recommendation (Serial No. 37)

The Committee find that until recently the strength of the Commission was only three including the Chairman. They feel that unless the requisite strength is there, the obvious advantage of having a composite body will not be available for the efficient functioning of the Commission. They, therefore, suggest that the matter may be examined by Government in consultation with the Chairman of the Commission. (Paragraph 120)

Reply of Government

The Oil & Natural Gas Commission Act, 1959 provides that the strength of the Commission shall not be less than three and not more than eight including the Chairman. The strength of the Commission is reviewed and determined from time to time. The present strength of the Oil and Natural Gas Commission is five, including the Chairman and only one Member is part-time.

2. The present strength of the Commission is considered adequate for the time being. However, the positions will be reviewed again and as and when the requirements of the ONGC warrant enhancement of its strength will be considered.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 10th December, 1965)

Recommendation (Serial No. 38)

The Committee feel that with a view to represent the point of view of the Finance and Administrative Ministries as well as for maintaining the close liaison and co-ordination with the Commission, it is very desirable that a representative each of these Ministries is appointed as a part-time Member on the Commission. The Secretary of the Ministry agreed that there should be a representative of the administrative Ministry on the Commission. (Paragraph 123)

Reply of Government

There is already a representative of the Ministry of Petroleum and Chemicals (Shri S. K. Guha, Joint Secretary) on the Oil and Natural Gas Commission as a part-time Member. The Commission has also a whole-time Finance Member who is appointed on the recommendation of the Ministry of Finance. The appointment of another part-time Member, representing the Finance Ministry is, therefore, not considered necessary. This is in consonance with the practice that where there is a full-time Finance Director in a Public Sector enterprise, there is no need for another representative of the Ministry of Finance.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 29th April, 1966)

Recommendation (Serial No. 42)

The practice of submission of Quarterly Reviews by Financial Advisers of Government Companies to the Ministry of Finance was introduced in December, 1961. The Committee note that no such Quarterly Reviews were submitted by the Financial Adviser of the Commission to the Government till March, 1964. It is surprising that the Ministry of Finance did not insist on the submission of these reviews for over two years. It is not clear as to how in the absence of these reviews the Ministry satisfied itself that the funds provided by them were being properly expended. Perhaps this partly explains as to why the Ministry was unaware of the unsatisfactory state of stores accounts till the receipt of Audit Report in April, 1963. The Committee feel that the matter needs looking into. (Paragraph 128)

Reply of Government

Instructions regarding the submission of Quarterly Financial Reports by the Financial Advisers/Controllers of various Projects/Companies/Corporations etc., under the Government of India were issued by the Ministry of Finance in their O.M. No. F. 5(20)E(Coord.)/58, dated the 10th December, 1958. At that time the Oil and Natural Gas Commission was functioning as a Government Department. No instructions were, therefore, issued to the Commission at that time for submission of such Reports. Later the Commission was converted into Statutory Organisation with effect from 15-10-1959 under the Oil and Natural Gas Commission Act, 1959. The issue of instructions to the Commission to submit such Quarterly Reports from that date was however lost sight of. On 29-8-1963, the Ministry of Finance issued instructions regarding the submission of Quarterly Financial Reports from the quarter ending 31st December, 1963 in a revised form. These instructions were duly communicated to the Oil and Natural Gas Commission. The Commission started submitting these Reports from the quarter ending 31-3-1964. In the absence of these Reviews, the Ministry had to rely on other Reports and Returns for judging the functioning of the Commission.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 52)

It is noted that there has been a delay of about three months in the completion of one million tonne unit and Thermal Power Station of the Koyali Oil refinery. It has now been stated that on the basis of the progress hitherto achieved in the construction of the refinery and also taking into consideration the likely delay in the receipt of equipment, it should be possible to commission all the units according to the revised schedules. The Committee trust that revised time schedules will be adhered to.

(Paragraphs 155-156)

Reply of Government

We confirm the dates regarding the commissioning of the Refinery as follows :—

1. Thermal Power Station—August, 1965.
2. First phase (1 million tonnes)—October, 1965.
3. Second phase (one million tonnes)—April, 1966.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 55)

The Committee are concerned at the delays in the commissioning of the Central Workshop at Baroda. It is well known that delays invariably increase the estimated cost of the projects and also put off production or repairs of parts which in the mean-time have to be imported and are a drain on the foreign exchange resources. The Committee hope that every effort will now be made to complete the workshop in the least possible time.

(Paragraph 162)

Reply of Government

Originally, it was expected that sectors I and II of the central repair workshop at Baroda would be ready by December, 1963 and sectors III and IV by December, 1964. The reasons why these dates could not be adhered to are :

- (a) delay in the civil construction work because of the poor resources of the contractor selected on the basis of the lowest quotation;
- (b) difficulties in procuring iron and steel materials; and
- (c) lack of adequate power supply.

2. Efforts have been made to overcome these difficulties by taking on loan from the Koyali refinery project certain quantities of iron and steel materials required for the civil construction work. The Gujarat Electricity Board is also expected to make adequate power available by August, 1965. Construction of building for sector I of the workshop has been completed and has been commissioned in July, 1965. About 50% of the civil construction work of building for sector II has also been completed. This sector is likely to be commissioned in October, 1965.

3. Designs in respect of sectors III and IV were received from Rumania in November, 1964. These have been modified to suit Indian conditions and also to make them cheaper. Under the contract, consent of the Rumanian authorities has to be obtained before any alteration is made in the design. Equipment required in these sectors have also not been received yet. For these reasons, the commissioning of sectors III and IV is unlikely to take place before December, 1966.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 27th October, 1965)

Recommendation (Serial No. 57)

The Committee are concerned at the serious irregularities committed in the case referred to in paras 166 to 171. The facts revealed are disquieting and indicate lapse on the part of the Commission. There has also been inordinate delay in conducting enquiries and taking disciplinary action against the concerned officers. The Committee urge that disciplinary action against all the officers, including those in the employment of Government of Gujarat and Indian Oil Corporation should be taken without further delay. (Paragraphs 166—172)

Reply of Government

In respect of the officer who had reverted to the Government of Gujarat, a reference was made to that Government to take suitable action against him. The Government of Gujarat has, however, informed that they have taken a decision not to take any action against their officer. The explanations of other officers have been received and examined. As a result thereof, it has been found that the two officers in the ONG Commission have not been responsible for any lapse. As regards the officer who has gone over to the Indian Oil Corporation, it has been decided to censure him.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 30th October, 1965)

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No. 32)

The Committee are unhappy at the delay in purchasing the fire fighting equipment by the Commission which resulted in the payment of hire charges of over Rs. 3 lakhs to the Ahmedabad Municipality. It is obvious that the acquisition of such equipment for an organisation which deals with highly inflammable petrogenous material, was a must from the beginning. That the Government's approval to the proposal and the actual purchase of this equipment should have taken about 2½ years is really surprising. What is more surprising is the action of the Commission in taking nearly 3 years to order an enquiry into this matter. The Committee hope that expeditious action will at least now be taken to finalise the inquiry which has been pending for more than a year. The purpose of enquiries is lost unless they are completed expeditiously and disciplinary action taken promptly, where necessary. (Paragraph 108)

Reply of Government

The financial irregularities in hiring of fire fighting equipment from the Ahmedabad Municipal Committee for drilling activities at Cambay, first came out in the Audit Report on the accounts of the Commission for 1959-60. This was forwarded by the Accountant General, Uttar Pradesh in a letter dated August 22, 1962. In the audit paragraph there was only a factual statement of the case. The Commission gave its reply to the paragraph on 10-12-62 explaining the circumstances leading to the irregularity but this reply evidently was not accepted by Audit, which on October 1, 1964, sent a note calling for additional information. One of the points in the note was whether any responsibility for delay in procurement of fire fighting equipment had been fixed; if so, it desired that action taken by the Commission against officials responsible for the delay be communicated to it. Correctly, therefore, steps to fix the responsibility and to take action against officers responsible, began after receipt of this note in October, 1964. At this stage, a fresh difficulty arose from the fact that the disciplinary regulations framed by the Commission had been found *ultra vires* and fresh regulations had to be drawn up and notified. The actual enquiry began only in May, 1965 and was completed within three months. It would thus, be appreciated that it would not be correct to say that it took the Commission nearly three years to order an enquiry in the matter nor that the enquiry has been pending for more than a year.

The report of the enquiry board set up on May 25, 1965 was received in August, 1965. The officers at Cambay Project found responsible for not exercising the desired vigilance have been named by the enquiry board and the explanations of the concerned officers will now be called for. The enquiry board has yet to fix the responsibility so far as officers at Headquarters are concerned. Action in this respect is being taken.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated the 10th December, 1965)

Further information called for by the Committee

Whether the investigation has since been completed and responsibility fixed and also what action has been taken against the officers held responsible for negligence.

(Lok Sabha Secretariat O.M. No. 11-PU/65, dated the 28th January, 1969)

Further Reply of Government

The ONGC has intimated that the Enquiry Report from the board constituted for the purpose was considered and decided that though an Enquiry Board had held Sarvashri A. N. Solanki, Administrative Officer, R. Surlinathan, Officer-in-charge and G. S. Chandekar, Administrative Officer of Cambay Project responsible in the matter, it was considered by the Commission that there were not sufficient reasons to agree with the finding of the Enquiry Board and as such the case was closed.

(Ministry of Petroleum and Chemicals O.M. No. 12/6/69-ONG, dated the 12th March, 1969)

Comments of the Committee

Please see Paras 8 and 9 of Chapter I of the Report.

Recommendation (Serial No. 40)

At present neither any specific procedure nor any qualifications and experience are laid down by the Government for the selection of the Chairman and Members of the Commission. In para 30 of their 52nd report (Third Lok Sabha) on 'Personnel Policies of Public Undertakings' the Estimates Committee had expressed a hope that an early decision would be taken by Government in the matter of determining the qualifications of the members of the Board of Public Undertakings. The Committee consider that a decision in the matter is long over due and should be taken at an early date. (Paragraph 125).

Reply of Government

The above recommendation has already been dealt with in the 52nd Report of the Estimates Committee (*vide* para No. 30-31) and the reply has already been issued to the Lok Sabha Secretariat under the Ministry of Industry and Supply (Department of Industry)'s Office Memorandum No. Pr. C. 26(3)/64, dated the 5th August, 1965. However, for ready reference the said reply is reproduced below :—

“This has been examined in detail. According to the existing practice the boards consist of a representative of the administrative Ministry, a representative of the Finance Ministry, one or two Government Directors representing the consumer Departments/Advisory Bodies like DGS&D or DGTD and a few non-official directors. A person well-versed in labour matters and/or closely associated with all India Trade Unions is also nominated by the Ministry of Labour and Employment. In the circumstances, any qualifications can, by their very nature, be made applicable only to non-official directors. The non-official directors are chosen on the basis of their

knowledge of the industry and the position occupied by them in public life and only such persons whose presence on the Board will contribute to successful functioning of the company are appointed to the Board. As such it is not considered necessary to prescribe any minimum qualifications in this regard”.

(Ministry of Petroleum and Chemicals O.M. No. 12/38/65-ONG, dated 10th December, 1965)

Comments of the Committee

The Committee would pursue this recommendation further in their Action Taken Report on the 52nd Report of Estimates Committee (3rd Lok Sabha) on Personnel Policies of Public Undertakings.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES
OF GOVERNMENT ARE STILL AWAITED.

NIL

NEW DELHI;
April 18, 1969
Chaitra 28, 1891 (S)

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

APPENDIX I

(Vide reply to recommendation at Serial No. 33 Page 12)

Copy of the O.M. issued by the Ministry of Finance (Bureau of Public Enterprises) to all Ministries/Departments of the Government of India regarding Purchase of Goods by Public Undertakings.

No. F. 13(49)/66-F.I.

GOVERNMENT OF INDIA
MINISTRY OF FINANCE

DEPARTMENT OF COORDINATION (BUREAU OF PUBLIC ENTERPRISES)

New Delhi, the 21st November, 1966

OFFICE MEMORANDUM

The undersigned is directed to state that it has been decided in consultation with the Ministry of Industry etc. dealing with public sector undertakings that where a Public Enterprise has the need to purchase the product of another Public Enterprise, such purchase should be made, as far as possible, direct instead of through a private agency. Cases* have come to notice where a private agency has offered more advantageous terms than the Public Enterprise whose products it sells. In such cases it should be possible for the purchasing Public Enterprise to negotiate direct with the selling Public Enterprise and obtain terms at least as favourable as those offered by the private agency.

Sd/- B. C. DAS GUPTA,
Finance Officer.

To

All Ministries/Departments of the Govt. of India.

EXTRACT FROM THE 5TH REPORT OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS ON THE OIL & NATURAL GAS COMMISSION

Summary of Recommendation

S. No. Para No.
33 109-111

The Committee do not wish to go into the merits of the case referred to in paras 109 and 110 of the report, as the matter is under investigation by the Special Police Establishment. They also consider that this case underlines the need for issue of specific instructions by Government regarding the purchase of

*Vide (1) Recommendation No. 33 of the 5th Report of the Committee on Public Undertaking on the Oil & Natural Gas Commission and

(2) Recommendation No. 40 of the 11th Report of the committee on Public Undertakings on the Hindustan Steel Ltd. (copies enclosed).

goods manufacture in one public undertaking and required by another. In the opinion of the Committee, it would be desirable if public sector undertakings buy their requirements of goods directly from the undertakings manufacturing them rather than through private agencies. In the absence of such directions, it is likely that cases of this nature might recur. The Committee, therefore, recommend that the matter may be examined by Government.

EXTRACTS FROM THE 11TH REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS ON THE ROURKELA STEEL PLANT OF THE HINDUSTAN STEEL LTD.

Summary of Recommendation

S. No. Para No.
40 128

It is surprising that a Commercial Undertaking like Hindustan Steel Ltd., did not consider it necessary to investigate the reason as to how a private firm was able to secure an order from another public undertaking for the pipes manufactured by them and for which they had also tendered. It is only after giving evidence before the Committee that the Ministry of Steel & Mines have decided to refer the matter to the Central Bureau of Investigation. As the case is now under investigation the Committee do not wish to comment on its merits.

The Committee, however, feel that Public Undertaking should purchase their requirements directly from the manufacturing Public Undertakings rather than through private agencies. In this connection they would invite a reference to para 111 of their 5th Report on O. & N.G.C.

APPENDIX II

(Vide Para 5 of Introduction)

Analysis of action taken by Government on the recommendations contained in the Fifth Report of the Committee on Public Undertakings (3rd Lok Sabha).

I. Total number of recommendations made	62
II. Recommendations that have been accepted by Government (vide recommendations at Sl. Nos. 4, 8, 9, 11, 12, 13, 16, 17, 19, 20, 22, 23, 25, 26, 27, 28, 30, 31, 33, 34, 39, 41, 43, 44, 45, 46, 47, 48, 49, 50, 51, 53, 54, 56, 58, 59, 60, 61 and 62.)	39
Percentage to total	63%
III. Recommendations which the committee do not desire to pursue in view of Government's reply (Vide recommendations at S. Nos. 1, 3, 5, 6, 7, 10, 14, 15, 18, 21, 24, 29, 35, 36, 37, 38, 42, 52, 55 & 57)	
Percentage to total	34%
IV. Recommendations in respect of which replies of Government have not been accepted by the committee (Vide recommendations at S. Nos. 32 & 40.)	2
Percentage to total	3%
V. Recommendations in respect of which final replies of Government are still awaited.	Nil

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

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