

**COMMITTEE ON PUBLIC
UNDERTAKINGS**

(1968-69)

(FOURTH LOK SABHA)

THIRTY-EIGHTH REPORT

**Action taken by Government on the recommendations contained
in the Fortieth Report of the Committee on
Public Undertakings (Third Lok Sabha)**

**MATERIALS MANAGEMENT IN PUBLIC
UNDERTAKINGS
(MINISTRY OF FINANCE)
(BUREAU OF PUBLIC ENTERPRISES)**



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1969/Chaitra, 1891 (S)

Price : Rs. 1.15

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

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
ANDHRA PRADESH			12.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam)	8	13.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60
2.	G. R. Lakshminpathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	94	14.	Deccan Book Stall, Ferguson College Road, Poona-4.	65
ASSAM			15.	M/s. Usha Book Depot, 585/A, Chira Bazar, Khan House, Girgaum Road, Bombay-2 BR.	5
3.	Western Book Depot, Pan Bazar, Gauhati.	7	MYSORE		
BIHAR			16.	M/s. Peoples Book House Opp. Jaganmohan Palace, Mysore-1.	16
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.	37	RAJASTHAN		
GUJARAT			17.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	38
5.	Vijay Stores, Station Road, Anand.	35	UTTAR PRADESH		
6.	The New Order Book Company Ellis Bridge, Ahmedabad-6.	63	18.	Swastik Industrial Works, 59, Holi Street, Meerut City.	2
HARYANA			19.	Law Book Company, Sardar Patel Marg, Allahabad-1.	48
7.	M/s. Prabhu Book Service, Nai Subzimandi, Gurgaon, (Haryana).	14	WEST BENGAL		
MADHYA PRADESH			20.	Granthaloka, 5/1, Ambica Mookherjee Road, Beigharia, 24 Parganas.	10
8.	Modern Book House, Shiv Vilas Palace, Indore City.	13	21.	W. Newman & Company Ltd, 3, Old Court House Street, Calcutta.	44
MAHARASHTRA			22.	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akrur Lane, Calcutta 12.	82
9.	M/s. Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street Bombay-2.	6	23.	M/s. Mukherji Book House, 8B, Duff Lane, Calcutta-6.	
10.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22			
11.	The International Book Service, Deccan Gymkhana, Poona-4.	26			

C O R R I G E N D A

THIRTY-EIGHTH REPORT OF THE COMMITTEE
ON PUBLIC UNDERTAKINGS (1968-69) ON
ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE
FORTIETH REPORT OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS (THIRD LOK SABHA)
ON MATERIALS MANAGEMENT IN PUBLIC
UNDERTAKINGS.

<u>Page</u>	<u>S.No. of</u> <u>recommen-</u> <u>dation</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(v)	-	Sl.No. 6	Lakshmi- ganthamma	Lakshmi- kanthamma
6	13	5	fuction	function
21	55	2	promp	prompt
61	Appendix XXIV	1	Sl.No.40	Serial No.41

	O. M. No. 9(28)/FI/67/Cir. Adv.(P)-4, dated 16-10-1967	36
VI.	Ministry of Finance (Bureau of Public Enter- prises) O. M. No. 9(28)/FI/67/Cir. Adv.(P)-5, dated 16-10-1967	37
VII.	Ministry of Finance (Bureau of Public Enter- prises) O. M. No. 9(28)/FI/67/Cir. Adv (P)-6, dated 16-10-1967	38

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(v)
INTRODUCTION	(vii)
CHAPTER I. Report	1
CHAPTER II. Recommendations which have been accepted by Government	2
CHAPTER III. Recommendations which the Committee do not desire to pursue in view of Government's reply ..	26
CHAPTER IV. Recommendations in respect of which replies of Government have not been accepted by the Committee	29
CHAPTER V. Recommendations in respect of which final replies of Government are still awaited ..	30
APPENDICES :	
I. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv(P)-1, dated 16-10-1967.. .. .	31
II. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv(P)-2, dated 16-10-1967	32
III. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv.(P)-29, dated 27-9-1968 and O. M. No. 9(28)/FI/67/Cir. Adv(P) 30, dated 27-9-1968	33
IV. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv(P)-3, dated 16-10-1967.. .. .	35
V. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv.(P)-4, dated 16-10-1967	36
VI. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv.(P)-5, dated 16-10-1967	37
VII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv (P)-6, dated 16-10-1967	38

(ii)

	PAGE
VIII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv (P)-39, dated 26-3-1969	39
IX. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv (P)-7, dated 16-10-1967	40
X. Ministry of Finance (Bureau of Public Enterprises) O. M. No. F. 98-A/Adv.(P)/67, dated 16-9-1967	41
XI. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-8, dated 16-10-1967	47
XII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv. (P)-9, dated 16-10-1967.. .. .	48
XIII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv.(P)-10, dated 16-10-1967	49
XIV. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv (P)-31, dated 27-9-1968	50
XV. Ministry of Finance (Bureau of Public Enterprises) O. M. 9(28)/FI/67-Cir. Adv(P)/11, dated 16-10-1967	51
XVI. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv (P)-13, dated 16-10-1967	52
XVII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)FI/67-Cir. Adv(P)-32, dated 27-9-1968	53
XVIII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv (P)-36, dated 31-1-1969	54
XIX. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-15, dated 16-10-1967	56
XX. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv (P)-33, dated 27-9-1968	57
XXI. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv(P)-16, dated 16-10-1967	58

	PAGE
XXII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv. (P)-38, dated 26-3-1967	59
XXIII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-17, dated 16-10-1967	60
XXIV. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-18, dated 16-10-1967	61
XXV. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-19, dated 16-10-1967	62
XXVI. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-20, dated 16-10-1967	63
XXVII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-34, dated 27-9-1968	64
XXVIII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-21, dated 16-10-1967	65
XXIX. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-22, dated 16-10-1967	66
XXX. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-23, dated 16-10-1967	67
XXXI. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-24, dated 16-10-1967	68
XXXII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-35, dated 27-9-1968	69
XXXIII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-25, dated 16-10-1967	70
XXXIV. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-27, dated 16-10-1967	71
XXXV. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-14, dated 16-10-1967	72

(iv)

	PAGE
XXXVI. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-28, dated 14-2-1968	73
XXXVII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-37, dated 4-2-1969	74
XXXVIII. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67/Cir. Adv. (P)-40, dated 26-3-1969	76
XXXIX. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-12, dated 16-10-1967	78
XL. Ministry of Finance (Bureau of Public Enterprises) O. M. No. 9(28)/FI/67-Cir. Adv(P)-26, dated 16-10-1967	79
XLI. Analysis of the action taken by Government on the recommendations contained in the 40th Report of the Committee on Public Undertakings (Third Lok Sabha) --	80

COMMITTEE ON PUBLIC UNDERTAKINGS
(1968-69)

CHAIRMAN

Shri G. S. Dhillon

MEMBERS

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

SECRETARIAT

1. Shri S. C. Mookerjee—*Deputy Secretary.*
2. Shri M. M. Mathur—*Under Secretary.*

INTRODUCTION

1. the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit the Report on their behalf, present this Thirty-eighth Report on the Action Taken by Government on the recommendations contained in the Fortieth Report of Committee on Public Undertakings (Third Lok Sabha) on Materials Management in Public Undertakings.

2. The Fortieth Report was presented to the Lok Sabha on the 7th April, 1967. Government furnished their replies indicating the action taken on the recommendations contained in the Report on the 19th October 1967; 29th February; 4th October, 1968; 6th February and 25th March, 1969. The replies of Government to the recommendations contained in the aforesaid Report, were considered and approved by the Committee on the 9th April, 1969. The Committee authorised the Chairman to finalise the Report and present it to Parliament.

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

I. Report.

II. Recommendations that 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 of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Fortieth Report (Third Lok Sabha) is given in Appendix XLI. It would be observed therefrom that out of 61 recommendations contained in the Report, 92 per cent have been accepted by Government and the Committee do not desire to pursue 7 per cent of the recommendations in view of Government's replies. Final replies in respect of 1 per cent of the recommendations are still awaited.

G. S. DHILLON,

Chairman,

Committee on Public Undertakings.

NEW DELHI

April 17, 1969

Chaitra 27, 1891 (S)

CHAPTER I

REPORT

The Committee find that in most of cases the Bureau of Public Enterprises have only brought the recommendations/observations of the Committee to the notice of Public Undertakings. They desire that the Bureau should watch the actual implementation of the Committee's recommendations by the various Public Undertakings.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1)

Even granting that the inventories in any concern vary according to the nature of the undertaking and the type of materials required and thus the average inventory holdings in the private sector companies may not be quite comparable with those in the public sector undertakings, the holding of inventories to the extent of 15 months value of production can by no means be justified. It needs hardly any emphasis that the reduction of inventories can help in releasing the capital so scarce in the country and in conserving valuable foreign exchange. Any avoidable locking up of capital in inventories deprives some other essential project or programme of finances. Further inventories also cost a good deal by way of interest charges, cost of storage and handling, deterioration and obsolescence costs. Even on a conservative estimate, the cost of carrying inventory is estimated at a minimum of 15 per cent per annum. To the extent that there are excessive inventories, the cost of production as well as the profitability of a concern is affected.

If the inventories of industrial running concerns could be reduced to 6 months production—which would by no means be difficult—it would mean release of capital to the extent of Rs. 104 crores, which could be gainfully employed either in the undertaking or to finance some other essential project or programme. Further, leaving aside the profit which might have been earned on this investment, this would have resulted in reducing the inventory carrying cost to the extent of Rs. 15.60 crores. (on the basis of 15% inventory carrying cost). It is significant to note the effect of this saving on the profitability of the public undertakings. The net profit of these 22 undertakings was only Rs. 10.19 crores during the year 1964-65. With proper inventory control alone the profit would have been two and a half times of the present profit of these concerns. (Paras 11-12)

Reply of Government

The importance of keeping inventories as low as possible has been fully realised by the Government and a high level Committee has already been set up by the Government in terms of Resolution No. 1-34/66-Admn.I dated 30th March, 1967 to study the inventory levels in certain selected undertakings.

The main elements of the inventory are raw materials and components, etc., for production, stores and spares for maintenance and operation, works in progress and finished goods for sale, etc. In any realistic assessment on inventory the position has necessarily to be examined with reference to each of these elements. Some of the projects are yet in the developmental stage and the realistic picture of inventories can only be had when the production is stabilized. The undertakings by and large, have to make advance arrangements for production, and it would be appropriate to compare the

inventory at the end of a particular year with the forecast production of the coming year. As actual production (excluding depreciation) figures of these 21 undertakings for 1965-66 are available being Rs. 126.75 crores as against Rs. 102.82 crores in 1964-65, the inventory held at the end of 1964-65, against the actual production (excluding depreciation) figure in 1965-66, comes to 11.9 months instead of 15.0 months indicated in the report which is based on 1964-65 production. Although constant effort to bring down the inventories is being made by the various public undertakings, in view of the difficult supply position of vital items of imported spares and other materials vitally required for the operation of the plants and for production purposes, and the present difficulties in selling some of the products, it may not be always possible to keep the inventories to 6 months production level. Attention of the undertakings is, however, being drawn to the importance of keeping the level of inventories as low as possible. Copy of Circular No. 9(28)/FI/67/Cir.Adv(P)-I dated 16-10-67. (enclosed—Appendix I).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 2)

The Committee note with concern that the value of inventories of 21 industrial running concerns in 1964-65 instead of decreasing had increased as compared to 1963-64, and was equivalent to 15 months value of production as compared to 13 months during the previous year. Evidently no concerted efforts have been made by the undertakings towards materials management and the application of various scientific techniques to control inventories. (Para 13)

Reply of Government

As brought out earlier in reply to S. No. 1, the undertakings, by and large, have to make advance arrangements for their production and, as such, it would be appropriate to compare inventories at the end of a particular year with the next year's likely production. However, the value of inventories vis-a-vis the value of production, showed improvement in 1965-66, compared to 1964-65 and was equivalent to 13.2 months against 14.71 in 1964-65. The Committee's suggestions about the application of various scientific techniques to control inventories is receiving attention.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 4)

The Committee are concerned over the heavy stock of stores & spares in the public undertakings which in some of the undertakings, based on the present rate of consumption, would be sufficient for several years to come. It is unfortunate that the spares offered by the suppliers of plant and machinery collaborators should have been accepted by the undertakings without any review of the actual need for them. (Para 19)

Recommendation (Serial No. 5)

The Committee find that in many of the Public undertakings, the stock of stores and spares as compared to consumption during the year has in-

creased in 1964-65 over in 1962-63. It is therefore, evident that not only was there heavy initial purchase of spares, but subsequently, the stores and spares have been purchased without proper assessment of requirements and/or without taking into account the stores and spares already in hand. (Para 20)

Recommendation (Serial No. 6)

Not only were there excessive purchases of stores and spares but no serious efforts were made to control the inventories through regular periodical review of items in stock to locate the non-moving/surplus stores and to dispose of the unwanted stores without undue delay.

The Committee therefore desire that the public undertakings should review the systems prevalent in their concerns about the planning and purchasing of stores and spares and also review the items in stock to ensure that the undertakings are not burdened with excessive stocks. (Para 24)

Reply of Government (Sl. Nos. 4, 5 & 6)

The undertakings have by and large been set up in industries in which completely new and virgin ground had to be broken and, as such, the estimate of initial spares given by the collaborators who again had the problem of not knowing the local conditions and availabilities had to be accepted to ensure smooth working of the plans. All the Public undertakings have been advised to ensure that requirements of stores and spares are properly planned by the undertakings and it should be ensured that the existing stocks and those under orders should be invariably taken into account while resorting to fresh purchases and systems of regular periodical reviews of all items in stock should be introduced to locate non-moving surplus stores and to dispose of such stores early. [Copy of Circular No. 9(28)/FI/67-Adv(P)-2 dated 16-10-67 enclosed]. (Appendix II)

Ministry of Finance (Bureau of Public Enterprises)-D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 7)

In order to guard against the accumulation of finished goods, it is desirable that the Public Undertakings should enter into firm contracts before taking up the production of items as are specially manufactured for a particular customer. The agreements should also provide for the levy of storage charges etc. on the failure of the customers to lift the goods according to the delivery schedules. (Para 28).

Recommendation (Serial No. 8)

The Committee noted that some of the public undertakings, e.g., Garden Reach Workshops, Indian Telephone Industries Ltd., etc. have not fixed any limit for stock of finished and semi-finished goods. In order to have a check on their stock, it is essential that suitable limits for finished and semi-finished goods should be laid down and the actuals compared periodically with the limits so fixed. (Para 29).

Reply of Government (Sl. Nos. 7 & 8)

Noted. The Public Undertakings have been advised accordingly.

[Copy of Circulars No. 9(28)/FI/67.Cir.Adv(P)-29 & 30 dated, 27-9-1968 are enclosed]. (Appendix III).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67, FI, dated the 4th October, 1968].

Recommendation (Serial No. 9)

In the absence of proper classification and codification no check or control can be exercised over the existing stock and there can be instance of items of stores being purchased while similar items may be lying in stock bearing a different nomenclature. It is, therefore, necessary to classify properly all the items held in stock and also to standardise their nomenclature. Each category should also be given a distinctive code number so as to facilitate a quick and sure identification. If necessary, a separate cell may be created in the stores department to undertake this work. Necessary catalogues should also be prepared by this cell and made available to all concerned to acquaint them about the items of stores available in stock. This will enable the plant to utilise the existing stocks to the best advantage and to avoid unnecessary purchases. (Para 32)

Reply of Government

Some of the undertakings have already started classifications, codifications, standardisation and preparation of catalogues. Attention of the Public Undertakings has, however, been invited to the Committee's observation and have been advised for early standardisation of nomenclatures and preparation of catalogues. [Copy of Circular No. 9(28)/FI/67-Cir Adv.(P)-3, dated 16-10-67 enclosed] (Appendix IV).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 10)

The consequence of large varieties of similar items of stores is that the undertakings have to stock adequate quantities of all the spares pertaining to each type in use so as to be able to keep all the machines in working order, resulting in high inventories.

Effective steps have been taken in other countries for cost reduction through reduction in the number of stores items.

There is great scope for cost reduction in public undertakings in India through reduction of varieties of stores. Standardisation of stores items is, therefore, an urgent necessity. This will help in reducing work-load through bulk of purchases of fewer items, in securing economical prices, in minimising capital investment on a variety of stocks, and in reducing the materials cost. (Para 36 & 37)

Recommendation (Serial No. 11)

The Committee find that although the public undertakings are conscious of the need for standardisation and certain steps have been taken by some

of them in this direction, there is still a great leeway to be made. The Committee, therefore, desire that the matter should be pursued vigorously by the public undertakings in coordination with the Indian Standards Institution or other specialised agencies. They would like to point out that the aim of standardisation should be to have uniform standards for similar items, and the standards evolved should take cognizance of indigenous availability of materials to the maximum extent possible. (Para 39)

Reply of Government (Sl. Nos. 10 & 11)

The standardisation of items and reduction of varieties to the extent feasible are being pursued by the public undertakings. The observations of the Committee have, however, been brought to the notice of the Public Undertakings. [Copy of Circular No. 9(28)/FI/67/Cir. Adv(P)-4, dated 16-10-67 enclosed]. (Appendix V).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 12)

With A. B. C. analysis, it is possible both to minimise the risk of stockouts and to reduce investment in inventories. The Committee, therefore, desire that such analysis should be made urgently by all the public undertakings. Further, determination of the maximum and minimum stocks of 'A' class items, their replenishment intervals, the quantities per replenishment order and the frequency of the reviews should be the responsibility of the top management. (Para 42)

Reply of Government

Some of the public undertakings have already attempted A B C analysis. This analysis is being made by the other public undertakings. As regards Committee's recommendations that the stocking limits, replenishment intervals, quantities for replenishment and frequency of reviews for 'A' items to be the responsibility of the top management, it is considered adequate if this is done at Head of the Department level with the approval of the top management. The public undertakings are being advised accordingly. [Copy of Circular No. 9(28)/FI/67-Cir. Adv.(P)-5, dated 16-10-67 is enclosed]. (Appendix VI)

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 13)

Separation of indenting and purchasing functions is not conducive to efficient materials management. The problem of providing materials to the users in the right quantity at the right time and at the lowest over-all cost, taking into consideration the buying cost and the inventory carrying cost, requires organisational coordination of indenting and purchasing function and it is therefore desirable to have the indenting and purchasing functions under a common head. (Para 45)

Recommendation (Serial No. 14)

Besides difficulty of co-ordination division of stores under the Works Managers instead of having them under the control of Central Stores Orga-

nisation results in loading and production departments with avoidable work. If relieved of the inventory responsibility the line managers can devote more time to their primary duty of production. (Para 46)

Recommendation (Serial No. 15)

Separation of Stores and Purchase functioning under two different self contained Department meeting at the level of General Manager/Managing Director is not conducive to efficient materials management functions. (Para 47)

Recommendation (Serial No. 16)

There are different types of organisational set ups in the public undertakings for materials management. While it is difficult for the Committee to suggest any ideal organisational pattern which would suit all the public undertakings, the Committee are in favour of the undertakings having an integrated organisation for all materials management functions. Although such an organisation may have different units/departments, it should be under overall control of a person who should be of sufficiently high status as the Finance or the Production Departments head. The Committee, therefore, desire that the present organisational set up for materials management in different public undertakings should be reviewed to examine as to what extent these require modifications to suit the requirements of each undertaking and to ensure effective control. (Para 48).

Reply of Government (Sl. Nos. 13, 14, 15 & 16)

Regarding S. No. 13, the consumers are the normal indentors and as such the term indenting function is generally associated with the submission of requisitions by the consumers for drawal of stores recouped by the stores department and generally held in stock or for purchase of *ad hoc* and non-stock requirements. Such 'indenting functions' is normally separate from the purchase function. The Committee's comments which relate to the initiation of normal procurement action by the Production Managers of the Factory Department in certain undertakings instead of by the Stores and Purchasing Department under a common head along with the Committee's observations against conclusions/recommendations 14, 15 and 16 are being brought to the notice of the public undertakings for their guidance and to review their organisational set up and suitably modify where necessary to suit their requirement.

[Copy of Circular No. 9(28)/FI/67-Cir. Adv(P)-6, dated 16-10-67 enclosed]. (Appendix VII).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 17)

The location of various units of an undertaking at different places in the country creates special problems of planning, programming and provisioning of materials. It is, therefore, essential that a general pattern of organisation applicable to the various multi-unit organisations should be evolved. The Committee feel that if the purchases are decentralised wholly or sub-

tially, there are dangers of high overall purchasing costs, coupled with dangers of unhealthy buying competition among the units of the same undertaking. The Committee are of the view that there should be central control and/or coordination among all the units of an undertaking with regard to (i) items of common use and (ii) items which are imported. In all these cases even if it is not considered feasible to have complete centralisation of all purchases, there should be substantial degree of central control in the matter of fixing suppliers, the prices, the methods of purchases, etc. Once these are fixed, each unit could negotiate with the suppliers about the quantities to be purchased, delivery time etc. according to the individual requirements. (Para 54)

Reply of Government

The observations of the Committee have been brought to the notice of the Public Sector Undertakings for their guidance with a view to examine the introduction of central control/coordination in their units wherever feasible. (Copy of Circular No. 9(28)/FI/67/Cir./adv(P)-39, dated 26-3-69 is enclosed). (Appendix VIII).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, Pt. II, dated the 25th March, 1969].

Recommendation (Serial No. 18)

The Committee feel that the organisational set up for the inspection in the public undertakings requires to be reviewed with the object of evolving a uniform pattern which will be the best suited to the requirements of these undertakings. In the opinion of the Committee the inspection should be carried out by a separate wing which should be under the overall control of the Materials Management Department. The responsibility of providing materials in right quantity, of right quality and at right time is that of the Materials Management Department and to achieve this objective it is necessary that the inspection wing should be under this integrated organisation. The Inspection Wing could of course, take the assistance of technical personnel in the users/production department for inspection wherever necessary, before material are accepted. (Para 58).

Reply of Government

The Public Undertakings have been advised that as far as possible they should have a separate inspection wing for bought out items under the overall control of the Materials Management/Stores Department and they may take the assistance of the technical personnel wherever necessary before materials are accepted. [Copy of Circular No. 9(28)/FI/681Cir. Av.(P)7, dated 16-10-67 enclosed]. (Appendix IX).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 19)

The Committee feel that *ad hoc* short courses or on-the-job training alone cannot serve the purpose and there is need for sustained training in materials management. The Committee, therefore, consider that the existing training facilities in the public undertakings need to be strengthened. (Para 61)

Reply of Government

The proper training of Materials Management personnel is already being attended to by the Bureau of Public Enterprises. In this connection a copy of Bureau of Public Enterprises No. F. 98-A/Adv(P)/67, dated 16-9-67 is enclosed. (Appendix X).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 20)

A large percentage of orders for small values in some of the public undertakings indicates that there was no proper planning and programming for materials. It was admitted during evidence that a large number of orders of small value was not good and the system of planning should be such that normally no occasion arises for an emergency purchase except in unforeseen circumstances. The Committee therefore desire that the undertakings should review the system of planning and programming to ensure proper inventory management. A periodical report about rush purchases should also be sent to the head of the undertaking. (Para 65).

Reply of Government

The Public Undertakings have been advised to have proper planning and programme of requirements and should avoid rush purchases excepting in cases of emergencies and that a report at the end of each month be furnished to the Head of Undertaking about all emergency purchases.

[Copy of Circular No. 9(28)/FI/67/Cir. Av.(P)-8, dated 16-10-67 is enclosed]. (Appendix XI).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 21)

The Committee would like to point out that for proper materials planning it is vitally important that there should be close liaison between the Production Department and the Materials Management Department. For principal materials, it is necessary that the Materials Management Department is given a reasonably accurate forecast of both the short term and long term production programmes. Based on the production schedules, the Materials Management Department could prepare a details of their immediate and forward requirements in relation to stock in hand and other relevant factors to determine further orders to be placed and the delivery for the materials.

It is also essential that the Materials Management Department is kept informed of any changes in sales/production schemes which may be necessitated from time to time. Similarly the Materials Management Department should keep production/Sales Departments advised of any difficulty arising in the flow of materials. (Para 66).

Reply of Government

The Materials Management Department is not normally able to work out detailed requirements of materials from Production Schedules. Based
4LSS/69

on these schedules, the Production Department is to prepare Material Schedules indicating detailed material requirements and furnish the same to the Materials Management Department for preparation of net requirements by taking into account the stock in hand or on order and other relevant factors to determine further orders to be placed and the delivery for the material. The undertakings, have however, been advised to ensure close liaison between the Production and the Materials Management Departments.

[Copy of Circular No. 9(28)/FI/67-Cir. Adv(P)-9, dated 16-10-67 is enclosed]. (Appendix XII).

{Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967}

Recommendation (Serial No. 22)

In regard to items of regular use (usually referred to as stock items or repetitive stores) it is desirable to have system of automatic replenishment based on re-order levels. In the absence of such a system supplies are arranged on the basis of indents from consuming departments. This procedure leads to excessive stock. It is therefore, essential that the items of regular use should have a system of automatic replenishment based on minimum, maximum and re-orders levels. (Paras 67-68)

Recommendation (Serial No. 23)

The Committee view with concern the absence in certain public undertakings of provisions for proper inventory levels so essential for inventory control. They consider that it is necessary not only to fix these limits but also to review them periodically because the assumptions on which these are based, e.g., procurement time and the rate of consumption are subject to frequent changes. (Para 71).

Recommendation (Serial No. 24)

Purchase of items categorised as non-stock but which are procured frequently, causes delays in purchases and results in rush buying besides adding to the buying cost. There should therefore be a periodic review say once in six months of all non-stock purchases and such of the non-stock items as are of a repetitive nature, should be converted into stock items. (Para 74).

Reply of Government (Sl. Nos. 22, 23 & 24)

System of automatic replenishment for certain common user stock items of repetitive nature is in vogue in some of the undertakings and with the background of satisfactory service performance of the items and the experience gained, its scope is being gradually enlarged. The Committees' observations about automatic replenishment, fixation of limits and periodic reviews of such limits and non-stock products have been noted and the Public Undertakings have been suitably advised. [Copy enclosed of Circular No. 9(28)/FI/67/Cir. Adv(P)-10, dated 16-10-67]. (Appendix XIII).

{Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967}

Recommendation (Serial No. 25)

The Committee noticed that there was hardly any undertaking which worked out the buying cost per order or the inventory carrying cost on a

systematic basis, with the result that economic order quantities for the various items to be stocked have not been fixed on the basis of these costs. The Committee feel that the present practice of determining order quantities on the basis of consumption and lead time only should be reviewed and buying and carrying costs of inventories should also be taken into consideration. Besides, the economic order quantities so fixed should be reviewed periodically in the light of any changes in the buying cost or inventory carrying cost. (Para 76).

Reply of Government

The Committee's suggestions have been brought to the notice of the Public Sector Undertakings for guidance.

[Copy of Circular No. 9(28)/FI/67-Cir.Adv.(P)-31, dated 27-9-1968 is enclosed]. (Appendix XIV).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67, FI, dated the 4th October, 1968].

Recommendation (Serial No. 26)

For purchases through limited tenders lists of approved suppliers are a *sine quo non*. In many of the public undertakings there is no system of registering suppliers/contractors for all the items of stores and maintaining an up-to-date list of suppliers. The Committee desire that such up-to-date list for every store items should be maintained by all the public undertakings. (Para 80).

Reply of Government

Noted. The Public undertaking concerned has been advised accordingly. [Copy of Circular No. 9(28)/FI/67-Cir. Adv.(P)-11, dated 16-10-67 is enclosed]. (Appendix XV).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 29)

For the smooth working of the Purchase Deptt. it is necessary that the work load is evenly distributed throughout the year, instead of the purchases being rushed during the closing months of the year. (Para 86).

Reply of Government

This has been brought to the notice of the Public Undertakings concerned for guidance. [Copy of Circular No. 9(28)/FI/67-Cir.Adv.(P)-13, dated 16-10-1967 is enclosed]. (Appendix XVI).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 30)

To reduce the lead time in placing purchase orders, the Committee would suggest the following measures :—

(i) At present many of the public undertakings have not fixed any time limit for each stage of purchase, e.g., for receipt of indent and issue of

enquiry, receipt and consideration of quotations, issue of purchase orders, etc. Fixation of such a time limit will act as a check on the performance of the Purchase Department. The time taken to release the purchase orders during a particular period and the pending indents should also be reviewed periodically with a view to examine the reasons for the delay in placing orders and to take remedial measures.

(ii) In some of the undertakings (e.g. Hindustan Antibiotics Ltd., Hindustan Cables Ltd., Hindustan Insecticides Ltd., Hindustan Teleprinters Ltd., etc.) there is no proper delegation of powers for purchases and the limits up to which various officers could place the purchase orders had not been laid down. It is necessary to lay down such limits to reduce the administrative lead time.

(iii) Some of the Public Undertakings have appointed Stores Purchase Committees for scrutinising purchase proposals above a certain prescribed monetary limit. The common practice is to have representative of concerned departments such as Finance, Production and Purchase Departments in such Committees. Appointment of such Committee obviates avoidable delay in inter-departmental notings and correspondence, gives the opportunity to the concerned departments to exchange views and helps in taking quick decisions. This system could be adopted by the undertakings who do not have such Committees. (Para 90).

Reply of Government

Noted. The Public Undertakings have been advised accordingly.

[Copy of Circular No. 9(28)/FI/67-Cir. Adv.(P)-32 dated 27-9-1968 is enclosed]. (Appendix XVII).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67, FI, dated the 4th October, 1968].

Recommendation (Serial No. 31)

The Committee feel that large number of references to Finance tend to add to delay in placing purchase orders. Reduction of the number of such references without impairing financial control will directly result in reduction of work in both the purchase and finance branches, simplification of the procurement procedure, shortening of the administrative lead time and diminution in the number of stockouts and emergency purchases. What is needed for proper budgetary control is to sanction the overall budget and also to divide it as far as possible shop-wise or product-wise. The purchase Deptt. should then be empowered to place purchase orders within the sanctioned budget according to the limits and conditions laid down. The present practice of obtaining financial concurrence for each order irrespective of the value of the order and notwithstanding the acceptance of the lowest tender is unnecessary and time consuming. (Para 95).

Recommendation (Serial No. 32)

The Committee do not under-estimate the need for financial control over the Purchase Department. It may be necessary to fix certain financial limits over which it may be desirable to refer the case to Finance before placing

the purchase orders. The other cases where it might be necessary to refer the case to Finance may be as follows :—

- (i) Where the ring prices are quoted by the tenderers or the lowest offer is higher than the last purchase price by a certain limit say 5 per cent.
- (ii) Where the differences between the accepted and the lowest tender is more than fixed limit say 5 per cent subject to an overall limit.

Further in order to ensure that correct and proper procedures are followed by Purchase Department, there can be a larger percentage of post-audit. This would act as a check on the Purchase Department without impairing its efficiency in placing purchase orders. (Para 96).

Recommendation (Serial No. 33)

The Committee desire that the procedures obtaining at present in various public undertakings should be reviewed and suitably modified to avoid unnecessary consultations, references and cross references to Finance which, while not contributing anything to purchase efficiency merely add to the delay. (Para 97).

Reply of Government (Sl. Nos. 31, 32 & 33)

(i) The Public Undertakings are being advised that it is not necessary to refer each purchase order before finalization to their Finance regardless of value and that financial limits should be prescribed over which only it would be necessary to refer the case to finance.

(ii) The Finance be invariably consulted for finalization of Purchase Orders where :

- (a) Ring prices are quoted by the tenderer;
- (b) The lowest offer is higher than the last Purchase Price by 5%;
and
- (c) The difference between the accepted tender and the lowest technically acceptable tender is more than 5% subject to an-overall limit.

Undertakings have been advised vide Cir. No. 9(28)/FI/67-Cir. Adv(P)-36 dated 31-1-69 (Appendix XVIII) to review and suitably modify where necessary, their procedures in the light of above comments so as to avoid unnecessary consultations, references and cross-reference to Finance.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 688/BPE GM/69, dated the 6th February 1969]

Recommendation (Serial No. 34)

To obviate delays in taking approval of Finance, proper forms should be devised by each undertaking containing details of information generally required by Finance so that purchase proposals sent to Finance are complete in all respects and time is not lost in avoidable cross references between the Purchase and Finance Department. (Para 99).

Reply of Government

The Public Undertakings have been advised to evolve suitable forms containing detailed information generally required by the Finance so as to ensure that purchase proposals sent to the Finance are complete in all respects to obviate delay in finalisation.

[Copy of Circular No. 9(28)/FI/67/Cir./Adv.(P)-15, dated 16-10-67 is enclosed]. (Appendix XIX).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 35)

The Committee are glad to note the improvements effected in the procedure for allowing imports by the public undertakings. They trust that the revised procedure would be effectively implemented and its actual working reviewed periodically. (Para 105)

Reply of Government

Noted.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 36)

Value analysis has already become popular in many countries and the results achieved have been quite encouraging. However, in India, it has not found wide application and there are not many public undertakings doing value analysis in a systematic manner.

It needs hardly any emphasis that value analysis offers a large scope for cost reduction and all the public undertakings should undertake it in a systematic manner. Such an analysis has of course to be conducted by a team comprising personnel from Materials Management, Designing, Engineering, Production, and Research and Development Departments. (Paras 107-108).

Reply of Government

Public undertakings have been advised on the importance of value analysis as an important tool of Materials Management and to undertake it in a systematic manner as indicated in the above recommendation, to the extent feasible.

[Copy of Circular No. 9(28)/FI/67-Cir./Adv(P)-33, dated 27-9-1968 is enclosed]. (Appendix XX).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67-FI, dated the 4th October, 1968].

Recommendation (Serial No. 37)

The Committee welcome the steps taken by Hindustan Steel Ltd. and some other public undertakings for import substitution. Considering how—

ever, that a large percentage of requirements of spares was still met through imports by several undertakings, there is need for a systematic effort by all the public undertakings to develop indigenous substitutes and to achieve self-sufficiency in the matter of procurement of raw materials, spares and components. (Para 114)

Recommendation (Serial No. 38)

The Committee feel that all the undertakings depending substantially on imported products should have a separate cell for research and development in the field of import substitution.

To achieve results in the field, full use should also be made of the various Research Institutes in the country. Cooperation of private manufacturers could also be very valuable and they should be encouraged to take up the manufacture of these items by making available to them the detailed catalogues of imported items and by holding exhibitions, etc.

The Committee also feel that there should be frequent exchange of ideas and information among the public undertakings about the efforts made for import substitution. (Paras 115-116).

Reply of Government

The observations made by the Committee are noted and are being brought to the notice of the Public Undertakings for guidance.

[Copy of Circular No. 9(28)/FI/67/Cir/Adv.(P)-16 dated 16-10-67 enclosed]. (Appendix XXI).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 39)

While the Committee agree with the policy of giving price preference for indigenous products, it is desirable that a uniform policy should be followed by all the Public Undertakings regarding the extent to which price preference should be allowed. They, therefore, feel that Government should lay down a limit up to which the public undertakings should be empowered to give price preference for indigenous products. In case it is considered necessary in any case to give price preference over the limit so fixed, the specific approval of the Board of Directors should be obtained before going in for indigenous products. (Para 121).

Reply of Government

The quantum of price preference for purchase of indigenous goods over imported ones, will vary from item to item, depending upon the scale of industries, stage of development and the region of manufacture. It is therefore not feasible to lay down a uniform policy regarding the extent to which price preference for indigenous goods over imported ones should be allowed by the Public Sector Undertakings.

However, the Public Sector Undertakings have been advised to adopt the following guide-lines in dealing with the cases of price preference :—

- (i) Cases in which price preference to be given for indigenous materials over imported ones is upto 15%, may be decided by

the individual purchase officer, within whose powers the purchase lies in association with the Finance.

- (ii) Cases in which price preference to be given exceeds 15%, but does not exceed 25%, may be decided by the Head of the Department concerned in association with the Finance, within his powers of purchase.
- (iii) Cases where price preference to be given exceeds 25%, should have personal approval of the Head of the Undertaking in association with the Finance and a quarterly statement of such cases may be put up to the Board of Directors for their information.

[Copy of Circular No. 9(28)/FI/67/Cir./Adv.(P)-38, dated 26-3-1969 is enclosed]. (Appendix XXII).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67-Pt. II, dated the 25th March, 1969]

Recommendation (Serial No. 40)

Many of the Public Undertakings (e.g. Garden Reach Workshops Ltd., Hindustan Insecticides Ltd., National Buildings Construction Corporation Ltd., National Coal Development Corporation Ltd., National Instruments Ltd., Praga Tools Ltd. etc.) have not laid down proper procedure for follow up of purchase orders. The Committee desire that all the public undertakings should lay down proper followed up procedure in this respect. (Para 122)

Reply of Government

Noted. The Public Undertakings have been advised to ensure proper follow up of purchase orders by the undertakings.

[Copy of Cir. No. 9(28)/FI/67/Cir./Adv.(P)-17, dated 16-10-67, enclosed]. (Appendix XXIII).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 41)

The Committee feel that according to normal commercial practice, in the purchase proposals and agreements, a clause for liquidated damages should be provided so as to ensure that the contractors supply the materials within the stipulated delivery period. This provision should also be enforced unless for good and valid reasons suppliers obtain consent to postponement of delivery dates. (Para 126).

Reply of Government

The Public undertakings concerned have been advised to ensure inclusion of a suitable liquidated damages clause in purchase contracts and in case of delays to take appropriate action on the merits of each case in terms of the conditions of contract.

[Copy of Circular No. 9(28)/FI/67/Cir./Adv.(P)-18, dated 16-10-67, enclosed]. (Appendix XXIV).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 42)

In recent years, facilities for transportation of goods by road have increased. Road transport is costlier but at the same time speedier and perhaps safer too as compared to rail. However, no systematic effort seems to have been made to determine the relative costs of transport by rail or road. In view of the general shortage of railway wagons, the Committee suggest that each undertaking should work out the relative costs of transport by rail and road for its various products, keeping in view the time factor, packing costs, safety in transit, etc. (Para 131).

Reply of Government

The Committee's suggestions have been brought to the notice of Public Sector Undertakings.

[Copy of Circular No. 9(28)/FI/67/Cir./Adv.(P)-19, dated 16-10-67 enclosed]. (Appendix XXV).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 43)

The Committee feel that the question of difficulties in transportation of over-sized equipment merits serious attention of Government and the Railway Board with a view to taking remedial measures to avoid the difficulties in transportation of over-sized or heavy equipment which might occur after electrification of Railways (Para 133).

Reply of Government

The Railway Board have stated that the movement of over-dimensional consignments is receiving their constant attention. With a view to meet the pressure of traffic demands for transportation of heavy consignments in 130 ton well wagons, instructions have been issued by the Railway Board that individual Railways should organise train escorting staff for this type of wagons. As a further step, it has been decided by the Railway Board to permit movement of loads by night in cases where clearance between the loaded consignments and the fixed structures is more than three inches. This would enable the Railways to move such consignments loaded in well wagons during night when power can be switched off on electrified sections. Moreover, the Chief Engineer of the Railway is delegated authority to sanction movement of over-dimensioned consignments in well wagons on his own Railways even where the net clearance is less than three inches.

As a policy, on A.C. electrified routes, Railways aim at providing sufficient height of the contact-wire above rail-level on at least one tract in future, to allow movement with power 'on' of over-dimensioned consignments with a height of upto 15'-9" at restricted speeds.

This is being brought to the notice of the Public Undertakings.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 44)

The Committee desire that the procedure for inspection of various types of materials should be laid down by all the public undertakings. While the method of inspection to be adopted will depend on the requirements of each undertaking, it is essential that the procedure for inspection should be a simple one since if the procedure is too elaborate it could be costly and time consuming added with the danger of being by-passed. (Para 136).

Recommendation (Serial No. 45)

To avoid unnecessary delay in the process of inspection it is desirable that the time limit for inspection of various types of materials should be laid down and actual time taken in inspection as against the limit fixed reviewed periodically. (Para 139).

Reply of Government (Sl. Nos. 44 & 45)

Noted. The Public Undertakings concerned have been advised to finalise inspection procedure in their undertakings, wherever it has not been done and to lay down time limits for inspection of various types of Materials.

[Copy of Circular No. 9(28)/FI/67/Cir./Adv. (P)-20, dated 16th October 1967 enclosed] (Appendix XXVI).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 47)

The Committee would suggest in-process inspection at suppliers' end in suitable cases. This would help in reducing the percentage of rejections at destination and also save the time, labour and expenditure involved in sending back the defective materials and obtaining replacements. (Para 144).

Reply of Government

The Committee's suggestion has been communicated to the Public Undertakings for guidance.

[Copy of Circular No. 9(28)/FI/67/Cir./Adv.(P)-34, dated 27th September, 1968 is enclosed] (Appendix XXVII):

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/FI/67, dated the 4th October 1968].

Recommendation (Serial No. 48)

The Committee found that mostly the public undertakings did not maintain statistics about the extent of materials rejected, the firms which supplied such materials, etc. They feel that the maintenance of such statistics would help in locating the types of materials generally found defective and the firms which supply defective or substandard materials. (Para 145).

Reply of Government

Noted. The Public Undertakings concerned have been advised to maintain proper statistics for rejected materials and the name of supplier of such materials in one place.

[Copy of Circular No. 9(28)/FI/67-Cir. Adv.(P)-21, dated 16th October 1967 enclosed]. (Appendix XXVIII).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 49)

The Committee were informed that the names of suppliers who consistently supply sub-standard materials are removed from the list of approved suppliers. They would suggest that the names of such suppliers should also be circulated to other public undertakings, Government Purchasing Departments so that they may be cautious while dealing with such firms. Besides helping the other public undertakings, this would act as a deterrent to the bad suppliers. (Para 146).

Reply of Government

The recommendation has been considered in the context of the provisions contained in the Standardised Code for Suppliers issued by the Department of Supply laying down the different types of penalties which can be imposed on the firms.

In the light of this Code, the head of a Public Sector Undertaking can issue an order banning business with a particular firm for unsatisfactory execution of a contract.

These provisions are being specifically brought to the notice of Public Sector Undertakings and they are being informed that where such firms are 'banned' they should consider in appropriate cases whether the names of such firms should be communicated to other Public Sector Undertakings.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67-FI, dated the 29th February, 1968].

Recommendation (Serial No. 50)

Considering that the material costs account for a major portion of the total cost of finished products, the question of best utilisation of the materials received is extremely important. It is therefore essential that the norms of consumption for various materials are fixed on a scientific basis and the actual consumption checked periodically with the norms to locate the cases of excess consumption. The Committee regret to note that in many of the public undertakings, *e.g.*, Hindustan Antibiotics, Ltd. Praga Tools, Ltd., National Projects Construction Corporation, etc., such norms of consumption have not been laid down. They desire that these norms should be laid down by all the public undertakings wherever feasible, and periodically reviewed in the light of actual working of the undertaking. (Para 147).

Recommendation (Serial No. 51)

The Committee note that in some of the undertakings, the actual consumption was much more than the norms prescribed. The Committee desire

that all cases of excess consumption should be thoroughly investigated and remedial measures taken. (Paras 148-150).

Reply of Government (Sl. Nos. 50 & 51)

The Public Undertakings concerned have been advised to give due emphasis to the fixation of material consumption norms and critically investigate instances of over-consumption. Material consumption and material consumption norms to be reviewed periodically. [Copy of Circular No. 9(28)/FI/67/Cir.Adv.(P)-22 dated 16th October 1967, enclosed]. (Appendix XXIX)

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 52)

It is regrettable that in many of the public undertakings there was laxity in the care and custody of the materials. While different items have to be treated with varied degree of care according to their nature, any scheme of storage and stores control should achieve the following objectives :—

- (i) Maximum utilisation of the space for storage.
- (ii) Care of handling stores during the process of receipt, inspection, storage and issue and to ensure an undisturbed and easy flow.
- (iii) Preservation of stores against breakage, spillage or deterioration.
- (iv) Security against pilferage.

The Committee trust that suitable measures will be taken by all the public undertakings for proper storage, care and custody of materials. (Para 155).

Reply of Government

Noted. The Committee's observation has been brought to the notice of Public Undertakings. [Copy of Circular No. 9(28)/FI/67/Cir. Adv.(P)-23 dated 16-10-67 enclosed]. (Appendix XXX).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 53)

The Committee view with concern the serious lapses in the maintenance of stores accounts in some of the public undertakings. In the absence of proper accounts, it is difficult to maintain any control over the receipt and issue of stores, to check the shortages in stores if any and to fix the responsibility for the losses. Proper valuation of stores issued and consumed is also rendered difficult. The maintenance of proper and complete stores accounts is therefore absolutely essential. (Para 160).

Reply of Government

Noted. The Public Undertakings have been advised to ensure maintenance of proper and complete stores accounts. (Copy of Circular No. 9(28)/FI/67/Cir.Adv.(P)-24 dated 16-10-67 enclosed]. (Appendix XXXI).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 54)

The Committee would emphasise that the system of accounting should be such as would avoid unnecessary duplication of work without losing sight of the objectives.

The Committee feel that the present practice of maintaining two sets of stores cards in the Stores Department needs to be reviewed. In the view of the Committee, it is desirable to maintain only one set of stores cards (say of the Kardex type) as it would avoid duplication of work without impairing efficiency of material control system. The practice of maintaining Priced Stores ledgers in the Accounts Department would have to be continued in such cases. In some undertakings where the number of items in stock is very large, the total volume of transactions would justify installation of computers or other mechanised equipment. In these undertakings, the feasibility of maintaining only one set of stores cards with the help of such equipment and thus obviating the necessity of maintaining separate Priced Stores Ledgers in the Accounts Department should be examined. (Paras 161 & 163).

Reply of Government

The observations of the Committee have been brought to the notice of public undertakings for following these guidelines. [Copy of Circular No. 9(28)FI/67-Cir.Adv.(P)-35 dated 27-9-1968 is enclosed]. (Appendix XXXII).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67/FI, dated the 4th October, 1968]

Recommendation (Serial No. 55)

The large variations between the actual stocks and ledger balances is a reflection on the standard of stores keeping and of stores accounting and should be taken serious notice of by the Public Undertakings. The discrepancies noticed as a result of such verification should be reconciled promptly and all shortages which come to light must be investigated. (Para 169).

Reply of Government

Noted. These observations are being brought to the notice of Public Undertakings for guidance and prompt reconciliation of discrepancies noticed as a result of stock verification and investigation of all shortages. [Copy of Cir. No. 9(28)/FI/67-Cir.Adv.(P)-25 dated 16-10-67 enclosed]. Appendix XXXIII).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 57)

To ensure proper working of the Materials Management Department it is essential that the procedures to be followed regarding materials purchasing, inspection, storing, issue and disposal, etc., are clearly laid down for the

guidance of all concerned. A comprehensive manual on the various aspects of Materials Management is therefore an urgent necessity and immediate attention should be paid by all the public undertakings to prepare such a manual. (Para 172).

Reply of Government

In addition to the undertaking mentioned by the Committee (in para 171 of their report) who have already completed the preparation of a manual, certain other undertakings have also since-finalised the preparation of a Manual, e.g., Nangal Fertilisers has finalised and issued, Trombay has finished and it is underprint, HEIL, Bhopal has issued a part of manual and the balance is under finalisation. The Committee's recommendations have, however, been noted and the public undertakings have been advised to ensure urgent attention in this connection vide Circular No. 9(28)/FI/Cir. Adv.(P)-27/67 dated 16-10-67 (copy enclosed)]. (Appendix XXXIV).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 58)

There has been loss of valuable by-products because of lack of proper planning and forethought. In some cases by-product plants were installed late and the products could not be sold because market study had not been made in advance nor had adequate steps been taken to develop the market. This happens, because at the time of setting up of the projects, little or no attention is paid towards production and utilisation of by-products. The Committee consider it essential that at the time of preparation of detailed Project Report itself proper assessment of the nature and the extent of by-products likely to arise during production/operation of the plant, should be worked out so that adequate arrangements about their utilisation/disposal could be made well in time of the arising of these by-products. (Para 175).

Reply of Government

Noted. This is being brought to the notice of concerned agencies. [Cir. No. 9(28)/FI/67/Cir.Adv.(P)-14 dated 16-10-1967 enclosed]. (Appendix XXXV).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 59)

The Committee noticed that the operation of some of the by-product plants could not be continued due to defects in the plant and machinery or in operation.

It is surprising that even after several years of the working of some of the by-products plants of HSL it had not been possible to rectify defects in the plants and machinery for the by-products. The Committee trust that effective steps would be taken soon to set right the defects in the plant and machinery to ensure proper utilisation of the by-products. (Paras 176-177).

Reply of Government

Noted. The Public Sector Undertakings have been advised to ensure proper maintenance of by-product plants and to take effective steps in rectifying defects in plant and machinery or in operation. In this connection, the Chairman, Hindustan Steel Ltd., has set up a Committee to evaluate the performance of the various units of the by-product plants in the three steel plants and to assess the deficiencies including those relating to operation and maintenance etc. and to recommend measures for improvements.

[Copy of Circular No. 9(28)/FI/67/Cir.Adv.(P)-28 dated 14th February, 1968, is enclosed]. (Appendix XXXV).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67/FI, dated the 29th February, 1968]

Recommendation (Serial No. 60)

In the absence of periodical reports to the top management it is difficult to maintain close watch over the inventories. While the precise nature of the reports which should be submitted to the top Management and their periodicity, may differ to some extent from undertaking to undertaking, the Committee feel that the top Management (General Manager, Chairman/Managing Director, Board of Directors) should get periodical reports (monthly/quarterly) on the following aspects of Materials Management :—

I. Reports about purchases containing the following information :—

- (i) Details of purchases above certain limits.
- (ii) Purchases over certain limit where lowest tenders were not accepted.
- (iii) Details of rush and emergency purchases showing items purchased, their value, source of purchase, reasons etc.
- (iv) Details of indents outstanding viz. their number, the period for which these were outstanding, reasons for delay if any.

II. Reports about Stores Department containing the following information :—

- (i) Stock position about major raw materials stores, finished goods etc.
- (ii) Position about slow moving/non-moving stores, extent of surplus stores and position about their disposal.

III. General Reports about the following :—

- (i) Reports about the foreign exchange utilization;
- (ii) The imports made;
- (iii) Steps taken for import substitution & the results achieved; and
- (iv) Value analysis reports etc.

The above reports should contain essential data only and should be submitted soon after the close of the period to which they pertain. Also,

maintenance of purchase and stores, records should be such as would enable compilation of necessary information without involving much labour and time. (Para 179).

Reply of Government

The Committee's recommendation about the necessity of furnishing of certain periodical reports to top Management to maintain close watch over inventories is accepted. The recommendation is being brought to the notice of all Public Sector Undertakings for introducing a system of periodical reporting to top Management on vital aspects of Materials Management to suit their local requirements. The reports to be submitted and the levels to which to be submitted may be decided by the Undertakings. [Copy of Circular No. 9(28)/FI/67, Cir.Adv.(P)-37 dated 4-2-1969 is enclosed]. (Appendix XXXVII).

The Bureau of Public Enterprises is also finalising certain important recommendations with a view to the introduction of such statements on the control of inventories by the Public Sector Undertakings for furnishing to the top Management. These will also be circulated in due course.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 688/BPE/GM/69, dated the 6th February, 1969].

Recommendation (Serial No. 61)

After an examination of the working of Materials Management in Public Undertakings, the Committee feel that although most of the undertakings are conscious of heavy investment in inventories, there has not been a continuous effort to control inventories or to introduce new techniques of materials management.

In conclusion the Committee wish to make the following general observations :—

- (i) By and large, materials management has been given a secondary importance in the organisational set up of an undertaking. There is therefore need to pay greater attention to the efficient functioning of this Department.
- (ii) A large number of undertakings depend on imported spare parts and components. Because of long lead time required for imported products and due to acute foreign exchange situation, there is a tendency on the part of the undertakings to import larger stocks in order to avoid possible stoppage of production due to non-availability of stocks at the required time. There is therefore need to liberalise maintenance imports to obviate this tendency. There is also need for stepping up indigenous production and development of ancillary industries so that dependence on imports is reduced to the minimum. Government should pay particular attention to these matters.
- (iii) Various methods of inventory control have been adopted in industrially advanced countries. These are classification, codification, standardisation, variety reduction, value analysis, A. B. C. analysis etc. Adoption of these methods can greatly help in reducing costs. Barring a few undertakings, these aspects have not been given proper attention. These new techniques should be employed.

- (iv) There have been numerous complaints from the undertakings that both from the point of view of quality and price, the indigenous products do not compare favourably with the imported ones. While the undertakings can help the indigenous manufacture to improve the quality of their products, Govt. also should take suitable steps for reducing the costs of such products.
- (v) Utilization of by-products has not received proper and adequate attention of several undertakings. In some cases plans for their utilisation were initiated quite late, while in others by-product plants had been installed but were not operating due to defects in the plant or because adequate efforts had not been made to develop the market for these products. There is need for advance planning in this respect and also for implementing the plans.
- (vi) There is general feeling that materials management does not require any specialised knowledge. It is perhaps for this reason that there are practically no regular arrangements in the country for training of personnel at various levels for appointment to materials management posts. The efficiency of the materials management department will depend on the qualifications and experience of the personnel appointed therein. It is, therefore, essential to arrange regular institutional training in materials management and for exchange of ideas and information through seminars, etc. (Para 180).

Reply of Government

The conclusions of the Committee have been brought to the notice of the Public Undertakings [Copy of Circular No. 9(28)/FI/67/Cir./Adv.(P)-40 dated 26-3-69 is enclosed]. (Appendix XXXVIII).

A Committee on Inventory Control set up by the Govt. of India under their Resolution No. 1-34/66-ADMN. 1 dated 30.3.67 has made detailed studies of the inventory systems and the present levels of inventory in five selected Public Sector Undertakings. The Committee's Report, which will be issued shortly, has dealt with various aspects of Materials Management viz. Organisational set up, Training problems, Import substitution, Classification, Codification, Standardisation, Variety reduction, A.B.C. analysis and Economic Order Quantity techniques, etc. and has brought out how the present holdings of the inventory of Rs. 146 crores in the five units could be reduced to Rs. 70 crores (Reduction Rs. 76 crores). A reconstituted Committee will continue such studies in respect of other units. It is hoped that these studies will materially assist in fulfilling the requirements envisaged in the conclusions/observations of the Committee on Public Sector Undertakings.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67-Pt.II, dated 25th March, 1969].

CHAPTER III

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

Recommendation (Serial No. 3)

Materials costs usually constitute about two thirds of the total cost of production in an undertaking. Economy in materials costs is, therefore, a vital factor for the profit-earning capacity of an undertaking. The Committee regret to note that the administrative Ministries have not given enough care and attention to the materials management problems in the undertakings under their control. From the experience of working of several undertakings, Government had the advantage of knowing as to what basic principles of materials control systems and techniques were suited to the undertakings and to what extent there were deficiencies in various undertakings. It was, therefore, expected of the administrative Ministries to issue suitable instructions to provide guidelines to the undertakings for implementation. The Committee trust that in future the materials management systems in the public undertakings would receive due attention of the Ministries and suitable instructions issued by them, wherever considered necessary. (Para 15).

Reply of Government

The Bureau of Public Enterprises has already undertaken the preparation of guide-lines in various aspects of Materials Management including principles of material control systems and techniques. These are proposed to be issued to the Public Sector Undertakings shortly.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67-Pt.II, dated the 25th March, 1969]

Recommendation (Serial No. 27)

It is necessary to fix the number of suppliers to whom the Limited Tender Inquiries will be sent based on the value of the purchase order. In case the number of suppliers invited to tender or the valid quotations received is less than the number fixed, the purchasing officer should obtain the approval of the next higher authority before ordering purchase. (Para 81).

Reply of Government

It is not considered advisable to limit the number to a definite figure of registered suppliers to whom enquiries against limited tenders have to be issued. As far as possible, all suppliers registered for a particular item should get the tender enquiry for that item. However, if the list is too long, the enquiry may be restricted to only few suppliers on the basis of their past performance but the Purchase Officer within whose powers the purchase lies, should obtain the approval of the next higher authority about the number and name of tenderers, in such cases. It should not be necessary for him to get the approval of the next higher if some of the tenderers do not respond. However, in cases of only single offer, the purchase should be treated on single tender basis and decision taken on its

merits. The public undertakings are being advised. [Copy of Circular letter No. 9(28)/FI/67, Cir. No. Adv. (P)-12, dated 16-10-67, is enclosed]. (Appendix XXXIX).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967].

Recommendation (Serial No. 28)

The suppliers under the DGS&D rate contracts do not keep up promised delivery schedules. Most of the suppliers prefer to get orders outside the rate contracts and give preference to their execution as such rates are more favourable. Further, DGS&D rates Contract implies inspection and payment. Since this is a lengthy process, suppliers prefer to deal directly and outside the rate contracts. The Committee feel that the matter calls for serious attention by the DGS&D. They would suggest that all cases where there had been serious delays in receipt of materials under the DGS&D rate contracts, should be reported by the public undertakings to the DGS&D and such cases should be investigated by the DGS&D to find out the circumstances for delays in delivery or for charging the higher rates. The threat of termination of rate contracts with the defaulting parties and for entering into parallel rate contracts with other parties could help in improving the position in such cases. (Paras 82-83).

Reply of Government

1. (i) Delivery periods stipulated in supply orders placed against DGS&D Rate Contracts are generally not guaranteed and no penalty for delay in supply can be levied except in cases where the delivery dates are expressly agreed to in writing by the Rate Contract holder before placement of the order. The question of making a suitable provision in the standard conditions governing Rate Contracts whereby the Rate Contract holder will, within a specified period of the receipt of the Supply Order by him indicates the period within which supply would be made failing which he would be deemed to have accepted the delivery period stipulated in the supply order, is under consideration of the Ministry of Supply in consultation with the Ministry of Law.

(ii) Regarding inspection by DGS&D for supplies against rate contract, each and every consignment is not inspected but the stocks held by the firm at various places are inspected from time to time and inspection notes for supply from those inspected stocks issued on receipt of supply orders. The position, therefore, is that generally against Rate Contracts, contractors are required to maintain pre-inspected stocks at specified points of delivery.

(iii) Regarding payment for supplies against DGS&D contracts, the question of decentralisation of payment *i.e.*, payment to contracts direct by public sector undertakings was discussed in the 13th meeting of the Central Purchase Advisory Council held in New Delhi on 11-10-66. Trade and Industry represented in the Council, gave unanimous opinion that payment by the Pay & Accounts Officers (*i.e.*, the existing arrangements) was quicker than payments by any other Deptt. and that they were not interested in any change. They, however, accepted the DGS&D's suggestion for payment by Public Sector Undertakings direct on a trial basis.

2. The Public Undertakings have been advised that all cases of serious delays in receipt of materials against DGS&D's rate contracts should be reported by the undertakings to the DGS&D for taking remedial measures.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

Recommendation (Serial No. 46)

The Committee understand that even after the goods are inspected by Directorate General of Supplies & Disposals, the undertakings have to inspect the materials on receipt. This inspection may be for quality or quantity or for both. Since inspection by DGS&D and again by the undertakings involves duplication of efforts, the Committee would suggest that in cases where the undertakings can make arrangements for inspection by their own staff, the feasibility of permitting them to do so may be examined. (Para 142).

Reply of Government

The DGS&D rate contracts are usually placed well in advance of the actual drawals by the indenting departments and are meant for keeping stores in readiness for prompt delivery on receipt of supply orders. This also enables the manufacturers, continuity in production. Obviously it calls for a continuous and timely inspection by some authorised central Inspection Agency which in such cases is the DGS&D's Inspection Wing. This in addition ensures uniformity of inspection standards for supplies against DGS&D's rate contracts.

2. The consignees have, however, under the DGS&D standard terms and conditions, been given the right to reject such stores, if on receipt on destination, they are not found to be in strict conformity with the contract description. This provision safeguards the consignees' interest against any possible substitution of the stores initially passed by the Inspecting Officers, or against loss/deterioration/damage to goods during transit. Thus, when materials are despatched to the consignees, a further check up of the quantity, Inspector's seal, etc., to ensure that there is no substitution of inspected stores, is necessary and would not really be a "Duplication of Inspection". This also ensures vigilance on the part of Inspection agency.

3. In view of the above, it is considered that the existing procedure of inspection by the DGS&D's Inspection Wing for supply of stores against DGS&D's rate contracts may continue.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 9(28)/67/FI dated the 29th February, 1968]

CHAPTER IV

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

NIL

CHAPTER V

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

Recommendation (Serial No. 56)

Some shortages may be inevitable in certain undertakings in the normal course of handling of certain stores. In such cases suitable norms should be fixed for such handling losses and the actual shortages compared with the limits so fixed. Instances are not wanting where the actual losses suffered were even more than the norms so fixed. Thus in Hindustan Steel Ltd., the norms of handling losses of raw materials permitted losses of major raw materials upto Rs. 80—100 lakhs in each plant to be written off automatically. But in actual practice, in Durgapur Steel plant the losses of raw materials were even more than these limits. Such abnormal shortages should be viewed with concern. Immediate action should be taken to analyse the reasons therefor and suitable measures taken to prevent their recurrence. The norms fixed should also be regularly reviewed with the object of keeping the losses as low as possible. (Para 170).

Reply of Government

The public undertakings have been advised that in items of stores where some shortages may be inevitable in certain undertakings in the normal course of handling, suitable norms should be fixed for such handling losses and that actual shortages compared with the limits so fixed. As regards specific case of HSL (Durgapur Steel Plant) separate communication will follow.* Copy of Circular No. 9(28)/FI/67 Cir. Adv.(P)-26, dated 16-10-67 is enclose (Appendix XL).

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 9(28)/FI/67, dated the 19th October, 1967]

NEW DELHI :
April 17, 1969.
Chaitra 27, 1891(S).

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

*At the time of factual verification the Ministry of Finance (Bureau of Public Enterprises) have replied as under :—

"Reference was made to the Chairman, Hindustan Steel Ltd., Ranchi for their comments. Their reply is awaited. On receipt of their comments the position will be apprised separately. In the circumstances this recommendation of the Committee should also be considered as having been accepted by the Government."

APPENDIX I

(Vide reply to Recommendation at Serial No. 1—page 3)

No. 9(28)/FI/67/Cir./Adv.(P)-1

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.
October 16th, 1967.

OFFICE MEMORANDUM

SUBJECT :—*Inventories.*

(*Conclusions/Recommendations S. Nos. 1 & 2 in Appendix III of 40th Report of the Committee on Public Undertakings.*)

The Committee on Public Undertakings have observed that even granting that the inventories in any concern vary according to the nature of the undertakings and the type of materials required and thus the average inventory holding in the private sector companies may not be quite comparable with those in the public sector undertakings, the holding of inventory to the extent of 15 months value of production can by no means be justified. It needs hardly any emphasis that the reduction of inventories can help in releasing the capital so scarce in the country and in conserving valuable foreign exchange. Any avoidable locking up of capital in inventories deprives some other essential project or programme of finances. Further, inventories also cost a good deal by way of interest charges, cost of storage and handling, deterioration and obsolescence costs. Even on a conservative estimate the cost of carrying inventory is estimated at a minimum of 15% per annum. To the extent that there are excessive inventories, the cost of production as well as the profitability of a concern is affected. The Committee has further stated that if the inventories of industrial running concern could be reduced to 6 months production—which would by no means be difficult—it would mean release of capital to sufficient extent which could be gainfully employed either in the undertaking or to finance some other essential project or programme.

2. The Ministry of Industry, etc., are requested to advise the Public Undertakings that every effort should be made towards materials management and the application of various scientific techniques to control inventories and also draw their attention to the importance of keeping the level of inventories as low as possible. The Public Sector undertaking concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of public Enterprises.

Sd./- (P. GOVINDAN NAIR)
*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of, India.

APPENDIX II

(Vide reply to Recommendation at Serial Nos. 4, 5 & 6—Pages 4)

No. 9(28)/FI/67/Cir./Adv.(P)-2

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.
October 16th, 1967.

OFFICE MEMORANDUM

SUBJECT :—Heavy stock of stores and spares in the Public Undertakings—
(Conclusions/Recommendations S. No. 4, 5 & 6 in Appendix III of Fortieth Report of the Committee on Public Undertakings.)

It has been suggested by the Committee on Public Undertakings that the Public Sector undertakings should review the system prevalent in their concerns about the planning and purchasing of the stores and spares and also review the items in stock to ensure that the undertakings are not burdened with excessive stock.

The Ministry of Industry, etc., are requested to advise the Public undertakings to ensure that requirements of stores and spares are properly planned by them so that the existing stocks and those under orders should be invariably taken into account while resorting to fresh purchases and also systems of regular periodic reviews of all items in stock should be introduced to locate non-moving surplus stores and to dispose of such stores early. The Public Sector undertaking concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)
*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX III

(Vide Reply to recommendations at Serial Nos. 7 & 8—Page 5)
No. 9(28)/FI/67-Cir/Adv.(P)-29

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.
September 27th, 1968.

OFFICE MEMORANDUM

SUBJECT :—*To take necessary steps to guard against the accumulation of finished goods. (Conclusion/Recommendation No. 7 in Appendix III of 40th Report on the Committee on Public Undertakings).*

The Committee on Public Undertakings have observed that in order to guard against the accumulation of finished goods, it is desirable that the Public Undertakings, should enter into firm contracts before taking up the production of item as are specially manufactured for a particular customer. The agreement should also provide for the levy of storage charges etc. on the failure of the customers to lift the goods according to the delivery schedule.

The Ministry of Industrial Development & Company Affairs, etc. are requested to bring the above observation of the Committee to the notice of Public Sector Undertakings for necessary action. The Public Sector Undertakings concerned be requested to send a report before 31-3-69 on the progress of action taken in respect of the recommendation to the administrative Ministries with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)
*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

No. 9(28)/FI/67-Cir/Adv.(P)-30

GOVERNMENT OF INDIA
MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.

Dated the September 27th, 1968.

OFFICE MEMORANDUM

SUBJECT :—*Limit for stocking of finished and semi-finished goods. (Conclusion/Recommendation S. No. 8 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings, have noted that some of the Public Undertakings have not fixed any limit for stocking of finished and semi-finished goods and that in order to have a check on their stock, it is essential that suitable limits for finished and semi-finished goods should be laid down and the actuals compared periodically with the limits so fixed.

The Ministry of Industrial Development & Company Affairs, etc., are requested to ask Public Sector Undertakings to fix suitable limits for stocking finished and semi-finished goods and compare the actuals with the prescribed limits. The Public Sector Undertakings concerned be requested to send a report before 31-3-69 on the progress of action taken in respect of the recommendation to the administrative Ministry with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)

*Secretary to the Government of India &
Director General, Bureau of Public Enterprises*

To

All Ministries/Departments of the Government of India.

APPENDIX IV

(Vide reply to recommendation at Serial No. 9—page 5)

No. 9(28)/FI/67/Cir./Adv.(P)-3

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.

October 16th, 1967.

OFFICE MEMORANDUM

SUBJECT :—*Standardization of Nomenclature and preparation of catalogues—Conclusion/Recommendation S. No. 9 in Appendix III of Fourtieth Report of the Committee on Public Undertakings.*

The Committee on Public Undertakings have observed that all the items held in stock should be properly classified and codified and their nomenclature standardized. Each category should be given a distinctive code number so as to facilitate a quick and sure identification. A separate cell, if necessary, may be created in the Store Department to undertake this work. Necessary catalogues should also be prepared by this cell and made available to all concerned to acquaint them about the items of stores available in stock to enable the Plant to utilise the existing stocks to the best advantage and to avoid unnecessary purchases.

The Ministry of Industry, etc., are requested to invite attention of the Public Sector undertakings to the above observation and advise them for early standardization of nomenclatures and preparation of catalogues if not already made. The Public Sector undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation to the administrative Ministry, with a copy to the Bureau of Public Enterprises

Sd/- (P. GOVINDAN NAIR)
*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX V

(Vide reply to recommendations at Serial Nos. 10 & 11—page 6)
No. 9(28)/FI/67/Cir./Adv.(P)-4

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.
October 16th, 1967.

OFFICE MEMORANDUM

SUBJECT :—*Standardisation of items—cost reduction through reduction of varieties of stores—Conclusions/Recommendations S. No. 10 & 11 in Appendix III of the 40th Report of the Committee on Public Undertakings.*

The Committee on Public Undertakings have observed that there is great scope for cost reduction in Public undertakings through reduction of varieties in stores. standardisation of stores items is therefore, an urgent necessity. This will help reducing work load through bulk purchases of fewer items, in securing economical prices, in minimising capital investment on a variety of stocks and in reducing the material cost. This matter should be pursued vigorously by Public Undertakings in coordination with the Indian Standards Institutions or other specialised agencies. The aim of standardisation should be to have uniform standards for similar items and the standards evolved should take cognizance of indigenous availability of materials to the maximum extent possible.

The Ministry of Industry, etc., are requested to bring the above observations to the notice of Public Sector undertakings so that standardisation of items and reduction of varieties to the extent feasible, is pursued vigorously. The Public Sector undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)
Secretary to the Government of India &
Director General, Bureau of Public Enterprises.

To

All Ministries/Departments of Government of India.

APPENDIX VI

(Vide reply to recommendation at Serial No. 12—page 6)

No. 9(28)/FI/67/Cir./Adv.(P)-5

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, 16th October, 1967.

OFFICE MEMORANDUM

SUBJECT :—A.B.C. Analysis—Conclusion/Recommendation S. No. 12 in Appendix III of Fourtieth Report of the Committee on Public Undertakings.

The Committee on Public Undertakings have desired that A.B.C. analysis to minimise the risk of stockout and to reduce investment in inventories, should be made urgently by all the public undertakings.

The Ministry of Industry, etc., are requested to advise the Public Sector undertakings to carry out A.B.C. analysis, if not already made. The stocking limits, replenishment intervals, quantities for replenishment and frequency of reviews for 'A' items should be done at the Head of Department level with the approval of the top management. The Public Sector undertaking concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)

*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX VII

(Vide reply to recommendations at Serial Nos. 13, 14, 15 & 16—page 7)

No. 9(28)/FI/67/Cir./Adv.(P)-6

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.

October 16th, 1967

OFFICE MEMORANDUM

SUBJECT :—*Organisation set up of Public Undertakings for Stores and Purchases. (Conclusions/Recommendations S. Nos. 13, 14, 15 and 16 in Appendix III of 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings while observing different stores and purchase organisational set-ups in different undertakings such as separate stores and purchasing departments under two different self-contained departments meetings at the level of General Manager/Managing Director or several stores organisations in one undertaking, some under the Works Manager and the other under the Purchasing and Stores Department, etc., have commented that the modern trend is to have an integrated materials management department performing the various functions such as planning and programming for purchases, procurement, inspection, storage, handling of materials inside the works and effective control over the inventories, etc. The Committee have stated that while it is difficult to suggest any ideal organisational pattern which would suit all the public undertakings, they are in favour of the undertakings having an integrated organisation for all materials management functions under the overall control of a person who should be of sufficiently high status as the Finance or Production Department Head. The Committee have therefore desired that the present organisational set up for materials management in different Public undertakings should be reviewed to examine as to what extent these require modification to suit the requirements of each undertaking to ensure effective control.

The Ministry of Industry, etc., are requested to advise the Public undertakings to note the Committee's observations for their guidance and review the present organisational set up for materials management and suitably modify, where necessary, to suit the requirements of each undertaking. The Public Sector undertaking be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)

*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India:

APPENDIX VIII

(Vide reply to recommendation at Serial No. 17—Page 8)

No. 9(28)/FI/67/Cir/Adv.(P)-39

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.
March 26th, 1969.

OFFICE MEMORANDUM

SUBJECT :—*Central Purchase Organisation. (Conclusion/Recommendation S. No. 17 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have observed that the location of various units of an undertaking at different places in the country creates special problems of planning, programming and provisioning of materials and that it is essential that a general pattern of organisation applicable to the various multi-unit organisations should be evolved. The Committee also felt that if the purchases are decentralised wholly or substantially, there are dangers of high overall purchasing costs, coupled with dangers or unhealthy buying competition among the units of the same undertaking. They are of the view that there should be central control and/or coordination among all the units of an undertaking with regard to (i) items of common use and (ii) items which are imported. In all these cases even if it is not considered feasible to have complete centralisation of all purchases, there should be substantial degree of central control in the matter of fixing suppliers, the prices, the methods of purchases etc. Once these are fixed, each unit could negotiate with the suppliers about the quantities to be purchased, delivery time etc. according to the individual requirements.

2. The Ministry of Industrial Development & Company Affairs etc. are requested to bring the above observations to the notice of the Public Undertakings for their guidance with a view to examine the introduction of Central Control/Coordination in their units wherever feasible, and send a report before 30-6-69 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)
Secretary to the Government of India &
Director General, Bureau of Public Enterprises.

To
All Ministries/Departments of Government of India.

APPENDIX IX

(Vide reply to recommendation at Serial No. 18—page 8)

No. 9(28)/FI/67/-Cir. Adv. (P)-7

GOVERNMENT OF INDIA MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, 16th October, 1967.

OFFICE MEMORANDUM

SUBJECT :—*Organisation Set-up for Inspection—Conclusion/Recommendation S. No. 18 in Appendix III of 40th Report of the Committee on Public Undertakings.*

The Committee of Public Undertakings have felt that the organisation set-up for the inspection of "bought out items" in the Public undertakings requires to be reviewed with the object of evolving a uniform pattern best suited to their requirements. The inspection may be carried out by a separate wing which should be under over-all control of the Materials Management Department. The responsibility of providing materials in right quantity, quality, in time, is that of the Materials Management Department and to achieve this objective it is necessary that the inspection wing should be under his integrated organisation. The inspection wing could take the assistance of technical personnel in the users production department for inspection, where ever necessary before materials are accepted.

The Ministry of Industry, etc., may kindly advise the Public Sector undertakings that as far as possible, they should have separate inspection wing for "bought out items" under the overall control of Materials Management/Stores Department and they may take the assistance of Technical personnel wherever necessary before the material is accepted. The Public Sector undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- (P. GOVINDAN NAIR)

*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX X

(Vide reply to recommendation at Serial No. 19—Page 9)

No. F. 98-A/Adv. (P)/67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi,
September 16th, 1967.

OFFICE MEMORANDUM

SUBJECT :—*Training in Management, Administration and Planning in Public Sector Undertakings.*

I am directed to say that question of imparting intensive training in the Management Control and Planning of Enterprises in the Public Sector has been under consideration of the Government for some time. Chapter 10 of the draft outline of the Fourth Plan has drawn attention to some of these training programmes and this subject matter was discussed at a meeting held in the Planning Commission on 9 February 1967, where it was decided that the Bureau of Public Enterprises should work out details of training requirements and programmes under Management Control and Planning of Enterprises. The Bureau of Public Enterprises has now proposed to divide the areas of training in the following categories of three different levels of management, namely, Top, Senior and Junior :—

- (a) Marketing.
- (b) Material and Inventory Management.
- (c) Construction Management.
(Network Techniques).
- (d) Production Planning and Control.
- (e) Financial Accounting and Management.
- (f) Personnel Management and Organisation matters.

It is also the intention that for each category of personnel there should be intensive and continuous programmes for in-service training and arrangements for the necessary follow-up. Accordingly, a circular letter was issued by the Bureau to the following institutions—

1. Principal, Administrative Staff College, Hyderabad.
2. Director, Indian Institute of Management, Calcutta.
3. Director, Indian Institute of Management, Ahmedabad.
4. Director, Indian Institute of Public Administration, New Delhi.
5. Director General, Central Labour Institute, Bombay.
6. Director, National Institute of Training and Industrial Engineering, Bombay.
7. Director, Institute of Public Enterprise, Hyderabad.
8. National Productivity Council, New Delhi.

2. Accordingly, a meeting was held on 12 September 1967, in the Finance Ministry at which the representatives of the various Ministries in charge of the Public Sector units in the engineering sector and also some representatives of the Public sector undertakings were present.

3. At this meeting the following conclusions were reached :—

1. In view of the need for improving the operational efficiency of the Public sector units, and also considering the benefits that would arise from participation in training programmes, there should be increasing participation on the part of Public Sector units in the training programmes now afforded by the various institutes in the country.

2. The Bureau of Public Enterprises should coordinate arrangements for training programmes for the Public Sector nominees in the suitable areas in the following institutes in the first instance to participate in their existing courses which are scheduled to take place during 1967-68.

- (i) Administrative Staff College, Hyderabad.
- (ii) Indian Institute of Management, Calcutta.
- (iii) Indian Institute of Management, Ahmedabad.
- (iv) Indian Institute of Public Administration, New Delhi.
- (v) Central Labour Institute, Bombay.
- (vi) National Institute of Training and Industrial Engineering, Bombay.
- (vii) Institute of Public Enterprise, Hyderabad.
- (viii) National Productivity Council, New Delhi.

For this purpose, a copy of the Programme which has been planned by these institutes is enclosed. The Public Sector units are requested to consider the suitability of these courses to meet their needs and send in the information about the number of seats they would require to be reserved for their units.

3. The Public Sector units are also requested to consider other courses in the field of management which they may need specially for their exclusive benefit, and intimate the details of such courses to the Bureau for organising them in some of the training institutes. In addition to the number of persons required to be trained in the courses per year for the next three years, the level of management at which the training is desired should also be indicated stating clearly if the training is required for these different levels of management.

4. The cost of training would be borne by the Public Sector units themselves.

4. I am directed to add that the Indian Institute of Management, Calcutta, is organising a four-week course on Materials Management from 30 October 1967 to 25 November 1967, for Senior Executives.

5. The Institute has intimated that a minimum of twenty seats can be reserved for the nominees of the Public Sector units so that on an average two nominees can be deputed from each undertaking.

6. In view of the short time at our disposal the Public Sector undertakings are requested to intimate to the Bureau immediately the number and names of such nominees who could be deputed to participate in the proposed course.

Sd-/ S. S. JAGOTA,
Adviser (Production).

Copy for information to :—

Ministries/Departments of the Government of India.

*Enclosure to Bureau of Public Enterprises letter
No. F. 98—A/Adv (P) dt. 15-9-67*

Names of the Institutes	Quarter ending December, 1967	Quarter ending March, 1968	Quarter ending June, 1968	Quarter ending September, 1968	Quarter ending December, 1968	Remarks
	2	3	4	5	6	7
1. Indian Institute of Management, Calcutta.	I. For Top Management, Seminar can be arranged after discussion with the Bureau. II. October 30—November 25.	(1) January 2—January 27.	May 20—June 15.	December 4—December 30.	Cost per course is approximately Rs. 2,600 per participant.	Twenty seats can be reserved.
	Materials Management for Senior Managers.	Operational Research in major functional areas for Senior Managers.	Financial Planning & Control for Senior Managers.	Economic Analysis & Operation Techniques for Senior Managers.		
		(2) January 29—February 24.				
		Marketing Management with special reference to export promotion for Senior Managers.				
	III. One course of 12 weeks duration during the year for Young Executives covering Production, Marketing, Accounting and Finance. Personnel, Operational Research and Business Management.				Cost is approximately Rs. 3,000 per participant. Twenty seats can be reserved.	
2. Indian Institute of Management, Ahmedabad.						
		Programme for Management Development				
		I Tier Junior	January 7—February 9	A. Part I June 2-28		Cost of the Course for Young Executives approximately Rs. 3,500 per executive.
		II. Tier Senior	February II—February 23	Part II June 29—Aug. 31		Cost of three-tier course approx. Rs. 5,300 per executive or Rs. 4,600 if top executives have attended the course.

Names of the Institutes	Quarter ending December, 1967	Quarter ending March, 1968	Quarter ending June, 1968	Quarter ending September, 1968	Quarter ending December 1968	Remarks
1	2	3	4	5	6	7
	<p>III. Tier February Part III Sept. 22-27 (for Top 25-March 2. Young Executives-Junior Managers). B. May & June Programme for Production Managers for Senior Managers. Financial Management for Senior Managers.</p>					
3. Administrative Staff College, Hyderabad.	<p>1. Seminar can be arranged for top management on (i) Profit Planning. (ii) The objective of Public Sector Managers. (iii) Government Economic Policy and the Managers.</p>					
	<p>1. The duration will be three days. 2. The cost per participant will be approx. Rs. 300.</p>					
	<p>II. For Senior Managers the following courses have been scheduled during 1968</p>					
	<p>1. January 5 to March 12. Executive Development and two additional courses in the year. 2. March 21 to March 29. Marketing Management and two additional courses in the year. 3. March 22 to March 27. Materials Management and two additional courses in the year.</p>					
4. National Institute for Training in Industrial Engineering, Bombay.	<p>Thirty courses in different disciplines of Industrial Engineering varying from 2 to 10 weeks in the year. for Junior Managers.</p>					
5. Institute of Public Administration, New Delhi.	<p>I. Seminar for top management can be arranged after discussion. Tentatively, they may be on information system.</p>					
	<p>This institute has now programme for running the courses. Cost is approximately Rs. 4,000 per seminar will not include cost of Board & Lodging but will cover stationery, tea, coffee and two lunches.</p>					
	<p>The cost is approximately Rs. 3,600 per participant. The cost is approximately Rs. 1,000 per participant. The cost is approximately Rs. 125 per participant.</p>					

II. Two programmes in the year for senior management can be arranged for periods varying from 2 to 3 weeks.
 (a) Financial Accounting and Management.
 (b) Personnel Management and Organisation *i. e.* one in each.

6. Indian Institute of Public Enterprise, Hyderabad.

4 seminars in a year lasting 2-4 days for top managers.

December 1—
 December 20. 4 courses in a year lasting three weeks for senior management

in
 Personnel Management & Organisation. (a) Financial Accounting & Management.
 (b) Personnel Management & Organisation.

7. Indian Labour Institute, Top management seminars for one or two weeks can be arranged. Bombay.

Facilities can be created for running courses for senior management in the following areas duration of which can vary from 4 to 14 weeks—

1. Materials Management.
2. Network Techniques.
3. Production Planning & Control.
4. Personnel Management & Organisation.

10-12 such courses can be run during the year.

N.B. The programmes or seminars mentioned against Institute of Public Administration, New Delhi; Indian Institute of Public Enterprise, Hyderabad; and Indian Labour Institute, Bombay, are not scheduled ones but can be arranged if required by the Public Sector undertakings.

The cost per course will be approximately Rs. 31,380 for one Training Director, One Training Assistant and secretarial assistance to be provided. The cost of Boarding & Lodging will be extra approximately Rs. 15 per day.

Fee between Rs. 200 and 300 per participant for member organisations and Rs. 300-450 for persons from non-members organisation.

Fee Rs. 650 per participant for member organisations and Rs. 975 per participant for non-member organisations. 25-30 participants will have to be assured for running the courses. In addition financial assistance of Rs. 25,800 per year to cover the cost of Director, Research Assistant and Secretarial assistance.

Additional Staff

One Director Rs. 1300-1600
 Two Dy. Directors Rs. 1150-1400 & Four Asstt. Directors Rs. 700-1250
 In addition Rs. 20 per participant.
 No arrangement exist for Board & Lodging.

APPENDIX XI

(Vide reply to recommendation at Serial No. 20—Page 9)

No. 9(28)/FI/67- Cir. Adv.(P)-8

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi,
October 16th, 1967.

OFFICE MEMORANDUM

SUBJECT:—*Planning and Programming for Materials. (Conclusion/Recommendation, S. No. 20 in Appendix III of 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings have observed that a large percentage of orders for small value in some of the Public Undertakings indicates that there was not proper planning and programming for materials. The system of planning should be such that normally no occasion should arise for emergency purchases except in unforeseen circumstances. A periodical report about such purchases should be sent to the Head of the Undertaking.

The Ministry of Industry, etc., are requested to advise the Public Undertakings to have proper planning and programming of requirements and should avoid rush purchases as far as possible, except in cases of emergencies and that a consolidated report at the end of each month should be furnished to the Head of undertakings about all such emergency purchases. The Public Sector undertaking concerned be also requested to send a report before 31st March, 1968 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,
*Secretary to Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX XII

(Vide reply to recommendation at Serial No. 21—Page 10)

No. 9(28)/FI/67 Adv. (P)-9

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi

October 16th, 1957.

OFFICE MEMORANDUM

SUBJECT:—*Liaison between the Production Department and the Materials Management Department. (Conclusion/Recommendation, S. No. 21 in Appendix III of the 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings has pointed out that for proper materials planning, it is vitally important that there should be close liaison between the Production Department and the Materials Management Department. For principal materials, the Materials Management Department should be given reasonably accurate forecast of both immediate and forward requirements and that the Materials Management Department may determine further orders to be placed and the delivery schedule for the materials in relation to stocks in hand and other relevant factors.

The Ministry of Industry, etc., are requested to advise the public sector undertakings to ensure close liaison between the Production and Materials Management Department. The Materials Management Department should be kept informed of any changes in requirements as a result of changes in sales/production schedules which may be necessitated from time to time. Similarly, the Materials Management Department should keep Production/Sales Department advised of any difficulty arising in the flow of the materials. The Public Sector Undertaking concerned be also requested to send a report before 31st March, 1968 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,
*Secretary to Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX XIII

(Vide reply to recommendations at Serial Nos. 22, 23 & 24—Page 10)
No. 9(28)/FI/67-Cir/Ad.(P)-10

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi
October 16th, 1957.

OFFICE MEMORANDUM

SUBJECT:—*Automatic replenishment—Provision for proper inventory levels and conversion of non-stock items to stock items.*
(Conclusion/Recommendations S. No. 22, 23 & 24 in Appendix III of 40th Report of the Committee on Public Undertakings.)

The Committee on Public Undertakings have observed that there should be a system of automatic replenishment based on minimum, maximum and reorder level in regard to stock items of regular use. In the absence of such a system supplies are arranged on the basis of indents from consuming Departments, which leads to excessive stock.

2. The Committee further noticed that in certain public undertakings no provision exists for proper inventory levels so essential for inventory control. It is necessary not only to fix these limits but also to review them periodically because the assumption on which these are based, e.g., procurement time and the rate of consumption are subject to frequent changes.

3. Purchases of items categorised as non-stock, but which are procured frequently, causes delays in purchases and results in rush buying besides adding to the buying cost. There should, therefore, be a periodic review say, once in 6 months of all non-stock purchases and such of the non-stock items as are of a repetitive nature, should be converted into stock items.

4. The Ministry of Industry, etc., are requested to advise the Public Sector Undertakings to gradually enlarge the scope of automatic replenishment with the background of satisfactory service performance of the items and the experience gained and to follow the Committee's observations regarding fixation of limits and periodic reviews of such limits and of all purchases of non-stock items. The Public Sector undertaking concerned be also requested to send a report before 31st March, 1968 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,
Secretary to Government of India &
Director General, Bureau of Public Enterprises.

To

All Ministries/Departments of Government of India.

APPENDIX XIV

(Vide reply to recommendation at Serial No. 25—Page 11)

No. 9(28)/FI/67-Cir./Adv.(P)-31

GOVERNMENT OF INDIA

MINISTRY OF FINANCE.

BUREAU OF PUBLIC ENTERPRISES

*North Block, New Delhi
September 27, 1968.*

OFFICE MEMORANDUM

SUBJECT :—*Buying cost per order and the inventory carrying cost and EOQ (Conclusion/Recommendation No. 25 in Appendix III of the 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have noticed that there was hardly any undertaking which worked out the buying cost per order or the inventory carrying cost on a systematic basis, with the result that economic order quantities for the various items to be stocked have not been fixed on the basis of these costs. The Committee feel that the present practice of determining order quantities on the basis of consumption and lead time only should be reviewed and buying and carrying costs of inventories should also be taken into consideration. Besides the economic order quantities so fixed should be reviewed periodically in the light of any changes in the buying cost or inventory carrying cost.

The Ministry of Industrial Development & Company Affairs, etc., are requested to bring the above observation of the Committee to the notice of the Public Sector Undertakings for their guidance. The Public Undertakings concerned be also requested to send a report before 31st March, 1969 on the progress of action taken in respect of the recommendation, to the administrative Ministry with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,
*Secretary to Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XV

(Vide reply to recommendation at Serial No. 26—Page 11)
No. 9(28)/FI/67-Cir. Adv.(P)/11

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi
October, 16th, 1967.

OFFICE MEMORANDUM

SUBJECT:—*Lists of approved suppliers.*

(*Conclusion/Recommendation S. No. 26 in Appendix III of 40th Report of the Committee on Public Undertakings.*)

The Committee on Public Undertakings have noticed that for purchases through limited tenders lists of approved suppliers are a *sine quo non*. In many public undertakings there is no system of registering suppliers/contractors for all the items of stores and maintaining an up-to-date list of suppliers.

2. The Ministry of Industry, etc., are requested to advise the Public Sector Undertakings to maintain such up-to-date list for every store item. The Public Sector undertaking concerned be also requested to send a report before 31st March, 1968 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,
*Secretary to Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX XVI

(Vide reply to recommendation at Serial No. 29—Page 11)

No. 9(28)/FI/67-Cir./Adv.(P)-13

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi

October 16th, 1967.

OFFICE MEMORANDUM

SUBJECT.—*Even distribution of work-load.*

(Conclusion/Recommendation S. No. 29 in Appendix III of 40th Report of the Committee on Public Undertakings.)

The Committee on Public Undertakings have observed that for the smooth working of the Purchase Department it is necessary that the work load is evenly distributed throughout the year instead of purchases being rushed during the closing month of the year.

2. The Ministry of Industry, etc., are requested to bring the above observation to the notice of Public Undertakings. The Public Sector undertaking concerned be also requested to send a report before 31st March, 1968 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,

Secretary to Government of India &

Director General, Bureau of Public Enterprises.

To

All Ministries/Departments of Government of India.

APPENDIX XVII

(Vide reply to recommendation at Serial No. 30—Page 12)

No. 9(28)/FI/67-Cir./Adv.(P)-32

MINISTRY OF FINANCE

GOVERNMENT OF INDIA

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi,

September 27, 1968.

OFFICE MEMORANDUM

SUBJECT :—*Lead time in Purchases. (Conclusion/Recommendation S. No. 30 in Appendix III of 40th Report of the Committee on Public Undertakings.*

The Committee on Public Undertakings have suggested the following measures to reduce the lead time in placing purchase orders :—

- (i) At present many of the public undertakings have not fixed any time limit for each stage of purchase e.g., for receipt of indent and issue of enquiry, receipt and consideration of quotations, issue of purchase order, etc. Fixation of such a time-limit will act as a check on the performance of the Purchase Department. The time taken to release the purchase orders during a particular period and the pending indents should also be reviewed periodically with a view to examine the reasons for the delay in placing orders and to take remedial measures.
- (ii) In some of the undertakings there is no proper delegation of powers for purchases and the limits up to which various officers could place the purchase orders had not been laid down. It is necessary to lay down such limits to reduce the administrative lead time.
- (iii) Some of the public undertakings have appointed Stores Purchase Committees for scrutinising purchase proposals above a certain prescribed monetary limit. The common practice is to have representatives of concerned departments, such as Finance, production and Purchase Departments in such Committees. Appointment of such Committee obviates avoidable delay in inter-departmental notings and correspondence, gives the opportunity to the concerned departments to exchange views and helps in taking quick decisions. This system could be adopted by the undertakings who do not have such Committees.

The Ministry of Industrial Development & Company Affairs, etc. are requested to bring the Committee's suggestions to the notice of the Public Sector Undertakings. The Public Sector Undertakings concerned be requested to send a report before 31st March, 1969 on the progress of action taken in respect of the recommendation to the administrative Ministry with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,

Secretary to Government of India &

Director General, Bureau of Public Enterprises.

To

All Ministries/Departments of the Government of India.

APPENDIX XVIII

(Vide reply to recommendations at Serial Nos. 31, 32 & 33—Page 13)
No. 9(28)/FI/67-Cir./Adv.(P)-36

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi,
January, 31st 1969.

OFFICE MEMORANDUM

SUBJECT :—Purchases—References to Finance. (Conclusions/Recommendations Nos. 31, 32 & 33 in Appendix III of the 40th Report of the Committee on Public Undertakings.)

The Committee on Public Undertakings have felt that large number of references to Finance tend to delay in placing purchase orders, Reduction of the number of such references without impairing financial control will directly result in reduction of work in both the purchase and finance branches, simplification of the procurement procedure, shortening of the administration lead time and diminution in the number of stock outs and emergency purchases, and that for a proper budgetary control, the purchase Department should be empowered to place purchase orders within the sanctioned budget according to the limits and conditions laid down. The present practice of obtaining financial concurrence for each and every order and not withstanding the acceptance of the lowest tender is unnecessary and time consuming. The Committee at the same time do not under estimate the need for proper financial control over the Purchase Department and have brought out that it may be necessary to fix certain financial limits over which it may be desirable to refer the case to Finance before placing the purchase order in addition to some other cases such as where high prices are quoted by the tenderers or the lowest offer is higher than the last purchase price by a certain limit etc. In order, however, to ensure that correct and proper procedures are followed by Purchase Department there can be a larger percentage of post-audit which could act as a check on the purchase Department without impairing its efficiency in placing purchase orders.

The Ministry of Industrial Development & Company Affairs, etc. are requested to advise the Public Sector Undertakings for their guidance that :—

- (i) It is not necessary to refer each purchase order before finalization to the Finance regardless of value and that it is necessary that there should be financial limits over which only it may be desirable to refer the case to Finance.
- (ii) The Finance be invariably consulted for finalizing Purchase orders where :—
 - (a) Ring prices are quoted by the tenderers.

- (b) The lowest offer is higher than the last Purchase Price by 5%; and
- (c) The difference between the accepted tender and the lowest technically acceptable tender is more than 5% subject to an over-all limit.

The Undertakings may review and suitably modify, where necessary, their procedure in the light of the above comments so as to avoid unnecessary consultations, references and cross-references to Finance.

Sd./- P. GOVINDAN NAIR,
*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XIX

(vide reply to recommendation at Serial No. 34—Page 14)

No. 9(28)/FI/67-Cir./Adv.(P)-15

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi
October 16th, 1967.

OFFICE MEMORANDUM

SUBJECT :—*Suitable form for obtaining Finance approval for Purchase proposals. (Conclusion/Recommendation S. No. 34 in Appendix III of the 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings have suggested that to avoid delays in taking approval of Finance, proper form should be devised containing details of information generally required by Finance so that purchase proposals sent to Finance are complete in all respects and time is not lost in avoidable cross-references between the purchase and Finance Departments.

2. The Ministry of Industry etc. are requested to ask the Public Undertakings to devise suitable form. The Public Sector undertaking concerned be also requested to send a report before 31st March, 1968 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,
*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XX

(Vide reply to recommendation at Serial No. 36—Page 14)

No. 9(28)-FI/67-Cir. Adv.(P)-33

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, dated the 27th Sept., 1968

OFFICE MEMORANDUM

SUBJECT :—*Value Analysis (Conclusion/Recommendation S. No. 36 in Appendix III of the 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have pointed out that value analysis has already become popular in many countries and the results achieved have been quite encouraging. But in India it has not found wide application and there are not many Public Undertakings doing value analysis in a systematic manner. The Committee have, therefore, emphasized that value analysis offers a large scope for cost reduction and all the Public Undertakings should undertake in a systematic manner. Such analysis may be conducted by a team comprising personnel from Materials Management, Designing, Engineering, Production, Research and Development Departments.

2. The Ministry of Industrial Development and Company Affairs, etc., are requested to advise the Public Sector Undertakings the importance of value analysis as an important tool of Materials Management and to undertake it in a systematic manner to the extent feasible. The Public Sector Undertakings concerned be requested to send a report before 31st March, 1969 on the progress of action taken in respect of the recommendation to the administrative Ministry with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR

*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX XXI

(Vide reply to recommendations at Serial Nos. 37 & 38—Page 15)

No. 9(28)/FI/67/Cir./Adv.(P)-16

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967.

OFFICE MEMORANDUM

SUBJECT :—*Import substitution—indigenous development. (Conclusions/Recommendations S. Nos. 37 & 38 in Appendix III of the 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have observed that systematic efforts should be made to develop indigenous substitutes and to achieve self-sufficiency in the matter of raw materials, spares and components. There should be a separate cell for research and development in the field of import substitutions in Undertakings depending substantially on imported products. To achieve results in the field, full use should also be made of the various Research institutes in the country. Cooperation of private manufacturers could also be very valuable and they should be encouraged to take up the manufacture of these items by making available to them the detailed catalogues of imported items and by holding exhibitions etc. There should be frequent exchange of ideas and information among the Public Undertakings concerned about the efforts made for import substitutions.

2. The Ministry of Industry, etc. are requested to bring the above observations of the Committee to the notice of Public Sector Undertakings for their guidance. The Public Sector undertaking concerned be also requested to send a report before 31st March, 1968 on the progress of action taken in respect of the recommendations, to be administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- P. GOVINDAN NAIR

*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXII

(Vide reply to recommendation at Serial No. 39—Page 16)

No. 9(28)/FI/67/Cir./Adv.(P)-38

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi.
March, 26th, 1969.

OFFICE MEMORANDUM

SUBJECT:—*Price preference for indigenous products over imported ones. (Conclusion/Recommendation S. No. 39 in Appendix III of 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings have observed that they agree with the policy of giving price preference for indigenous products and desire that a uniform policy should be followed by all the Public Undertakings and that Government should lay down a limit upto which the Public Undertakings should be empowered to give price preference for indigenous products.

As the quantum of price preference for purchase of indigenous goods over imported ones, will vary from item to item, depending upon the scale of industries, stage of development and the region of manufacture. It is not feasible to lay down a uniform policy regarding the extent to which price preference for indigenous goods over imported ones should be allowed by the Public Sector Undertakings.

The Ministry of Industrial Development & Company Affairs etc., are however requested to advise the Public Sector Undertakings to adopt the following guide-lines in dealing with the cases of price preference :—

- (i) Cases in which price preference to be given for indigenous products over imported ones is up to 15% may be decided by the individual purchase officer, within whose powers the purchase lies, in association with the Finance.
- (ii) Cases in which price preference to be given exceeds 15% but does not exceed 25% may be decided by the Head of the Department concerned, in association with the Finance, within his powers of purchase.
- (iii) Cases where price preference to be given exceeds 25% should have personal approval of the Head of the Undertaking in association with the Finance and a quarterly statement of such cases may be put up to the Board of Directors for their information.

and send a report before 30th June 1969 on the progress of action taken in respect of the recommendation to the administrative Ministries with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR

*Secretary to the Government of India &
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

APPENDIX XXIII

(Vide reply to recommendation at Serial No. 40—Page 16)

No. 9(28)/FI/67/Cir/Adv.(P)-17.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Procedure for follow up of purchase orders. (Conclusion/ Recommendation S. No. 40 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have observed that many of the Public Undertakings have not laid down proper procedure for follow up of purchase orders.

2. The Ministry of Industry, etc., are requested to advise the Public Sector Undertakings to lay down proper procedure to follow up purchase orders. The Public Sector undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd/- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXIV

(Vide reply to recommendation at Serial No. 40—Page 16)

No. 9(28)/FI/67/Cir/Adv.(P)-18.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Clause for Liquidated Damages for Delay in Delivery. (Conclusion/Recommendation S. No. 41 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings feel that according to normal commercial practice in the purchase proposals and agreements, a clause for liquidated damages should be provided so as to ensure that the contractors supply the materials within stipulated delivery period. This provision should be enforced unless for good and valid reasons suppliers obtain consent to postponement of delivery dates.

2. The Ministry of Industry, etc., are requested to advise the Public Sector Undertakings to ensure inclusion of a suitable Liquidated Damages clause in purchase contracts and in case of delays to take appropriate action on the merits of each case in terms of the conditions of the contract. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR

*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXV

(Vide reply to recommendation at Serial No. 42—Page 17)
No. 9(28)/FI/67-Cir./Adv.(P)-19.

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES
New Delhi, the 16th October 1967
OFFICE MEMORANDUM

SUBJECT :—*Relative cost of transport by rail and road. (Conclusion/ Recommendation S. No. 42 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have suggested that in recent years facilities for transportation of goods by road have increased, but no systematic effort seems to have been made by any undertaking to determine the relative costs of transport by rail or road. The relative cost of transport by rail and road for its various products keeping in view the time factor, packing costs, safety in transit etc. should, therefore, be worked out.

2. The Ministry of Industry, etc., are requested to bring the Committee's suggestion to the notice of Public Sector Undertakings. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXVI

(Vide Reply to recommendations at Serial Nos. 44 & 45—Page 18)

No. 9(28)/FI/67-Cir/Adv.(P)-20.

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
BUREAU OF PUBLIC ENTERPRISES**

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Inspection procedure in Public Undertakings. (Conclusions/ Recommendations S. No. 44 & 45 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings desire that the procedure for inspection of various types of materials purchased should be laid down by all the Public Undertakings. While the method of inspection to be adopted should depend on the requirements of each undertakings, it is essential that the procedure for inspection should be a simple one, since if the procedure is too elaborate it could be costly, and time consuming added with the danger of being by-passed. To avoid unnecessary delay in the process of inspection, it is desirable that the time limit for inspection of various types of materials should be laid down and actual time taken in inspection as against the limit fixed reviewed periodically.

2. The Ministry of Industry, etc., are requested to advise the Public Sector Undertakings to finalise inspection procedure wherever it has not been done and to lay down time limits for inspection of various types of materials. The Public Sector undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXVII

(vide reply to recommendation at Serial No. 47—Page 18)

No. 9(28)/FI/67-Ctr/Adv. (P)-34

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 27th September 1968

OFFICE MEMORANDUM

SUBJECT :—*Rejections in purchased material-In-process inspection at supplier's end. (Conclusion/recommendation S. No. 47 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have in connection with the purchased material suggested in process inspection at supplier's end in suitable cases as this would help in reducing the percentage of rejection at destination and also save the time, labour and expenditure involved in sending back the defective materials and obtaining replacement.

2. The Ministry of Industrial Development and Company Affairs, etc., are requested to bring the above suggestion of the Committee to the notice of the Public Sector Undertakings for guidance. The Public Sector Undertakings concerned may also be requested to send a report before 31-3-69 the progress of action taken in respect of this recommendation to the administrative Ministry with a copy to Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR

*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXVIII

(vide reply to recommendation at Serial No. 48—Page 19)

No. 9(28)/FI/67-Cir/Adv.(P)-21

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Maintenance of Statistics for Rejected Materials. (Conclusions/Recommendations S. No. 48 in Appendix III of the 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have noticed that the Public Undertakings did not maintain statistics about the extent of materials rejected, the firms which supplied such materials, etc. The maintenance of such statistics would help in locating the types of materials generally found defective and the firms which supply defective or substandard materials.

2. The Ministry of Industry, etc., are requested to advise the Public Undertakings to maintain proper statistics for rejected materials and the names of suppliers of such materials in one place. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXIX

(vide reply to recommendations at Serial Nos. 50 & 51—Page 20)

No. 9(28)/FI/67-Cir/Adv.(P)-22

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Fixation of Material Consumption Norms. (Conclusions/Recommendations S. No. 50 & 51 in Appendix III of the 40th Report of the Committee on Public Undertakings.*

The Committee on Public Undertakings have observed that the norms of consumption for various materials are fixed on a scientific basis and the actual consumption checked periodically with the norms to locate the cases of excess consumption.

2. The Ministry of Industry, etc., are requested to advise the Public Undertakings to give due emphasis to the fixation of material consumption norms and critically investigate instances of over-consumption. Material consumption and material consumption norms should be reviewed periodically. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR

*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXX

(vide reply to recommendation at Serial No. 52—Page 20)

No. 9(28)/FI/67-Cir/Adv(P)-23

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Care and Custody of Materials. (Conclusion/Recommendation S. No. 52 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings observed that to avoid laxity in the care and custody of the materials a scheme of storage and stores control should achieve the following objectives :—

- (i) Maximum utilisation of the space for storage.
- (ii) Care of handling stores during the process of receipt, inspection, storage and issue and to ensure an undisturbed and easy flow.
- (iii) Preservation of stores against breakage, spillage or deterioration.
- (iv) Security against pilferage.

The Ministry of Industry, etc., are requested to bring the above observation of the Committee to the notice of Public undertakings. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXXI

(vide reply to recommendation at Serial No. 53—Page 20)

No. 9(28)/FI/67-Cir/Adv(P)-24

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Maintenance of proper and complete store accounts. (Conclusion/Recommendation S. No. 53 in Appendix III of 40th Report of the Committee on Public Undertakings).*

The Committee on Public Undertakings have noticed serious lapses in the maintenance of stores accounts in some of the Public Undertakings. The main purpose of accounting of stores is :

- (i) Record of stores received, issued and the balance held in stock at a particular time;
- (ii) Documentation of receipts and issues as a proof of the receipt or issue required for giving credit to those from whom it has been issued.
- (iii) Valuation of stores to suitable to assess the financial commitments and the assets involved in the stock held;
- (iv) Ensuring legal custody of stores in charge of individuals so as to be able to fix the responsibility in the event of loss due to theft or pilferage.

In the absence of proper account it is difficult to maintain any control over the receipt and issue of stores, to check shortages in stores if any and to fix the responsibility for the losses. Proper valuation of stores issued and consumed is also rendered difficult.

2. The Ministry of Industry, etc., are requested to advise the Public Undertakings to ensure maintenance of proper and complete stores accounts in consultation with Finance. The Public Sector undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXXII

(vide reply to recommendation at Serial No. 54—Page 21)

No. 9(28)-FI/67-Cir/Adv(P)35

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 27th September 1968

OFFICE MEMORANDUM

SUBJECT :—*Store Accounting—Conclusion/Recommendation No. 54 of 40th Report of the Committee on Public Undertakings.*

The Committee on Public Undertakings have emphasised that the system of accounting should be such as would avoid unnecessary duplication of work without losing sight of the objective.

The Committee also felt that the present practice of maintaining two sets of stores cards in the Stores Department needs to be reviewed. In the view of the Committee, it is desirable to maintain only one set of stores cards (say of the Kardex type) as it would avoid duplication of work without impairing efficiency of material control system. The practice of maintaining Priced Stores ledgers in the Accounts Department would have to be continued in such cases. In some undertakings where the number of items in stock is very large, the total volume of transaction would justify installation of computers or other mechanised equipment. In these undertakings the feasibility of maintaining only one set of stores cards with the help of such equipment and thus obviating the necessity of maintaining separate Priced Stores Ledgers in the Accounts Department should be examined.

The Ministry of Industrial Development & Company Affairs, etc., are requested to bring the above observations of the Committee to the notice of the Public Sector Undertakings for following as guidelines. The Public Sector Undertakings concerned be requested to send a report before 31-3-69 on the progress of the action taken in respect of the recommendation, to the administrative Ministry with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXXIII

(vide reply to recommendation at Serial No. 55—Page 21)

No. 9(28)/FI/67-Cir/Adv(P)-25

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—Stock Verification. (Conclusion/Recommendation S, No. 55 in Appendix III of 40th Report of the Committee on Public Undertakings).

The Committee on Public Undertakings have pointed out that a large variation between the actual stores and ledger balances is a reflection on the standard of store keeping and of stores accounting. The discrepancies noticed as a result of such verification should be reconciled promptly and all shortages which come to light must be investigated.

2. The Ministry of Industry, etc., are requested to bring this to the notice of the Public Sector Undertakings for their guidance and prompt reconciliation of discrepancies noticed as a result of stock verification and investigation of all shortages. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
Secretary to the Government of India and
Director General, Bureau of Public Enterprises

To
All Ministries/Departments of the Government of India.

APPENDIX XXXIV

(*vide* reply to recommendation at Serial No. 57—Page 22)

No. 9(28)/FI/67-Cir/Adv(P)-27/67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Preparation of Manual. (Conclusion/Recommendation S. No. 57 in Appendix III of 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings have observed that the procedures to be followed regarding materials purchasing, inspection, storing, issues and disposal, etc., are laid down for the guidance of all concerned. A comprehensive manual on various aspects of Materials Management is therefore necessary.

2. The Ministry of Industry, etc., are requested to advise the Public Undertakings to prepare a comprehensive manual, if not already done. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXXV

(vide reply to recommendation at Serial No. 58—Page 22)

No. 9(28)/FI/67/Cir.Adv(P)-14

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi, the 16th October, 1967

OFFICE MEMORANDUM

SUBJECT :—*Proper Planning for Production & utilization/Disposal of by-products. (Conclusion/Recommendation S. No. 58 in Appendix III of 40th Report on the Committee on Public Undertakings.)*

The Committee on Public Undertakings have pointed out that there has been loss of valuable by-products because of lack of proper planning and fore-thought. In some cases by-product plants were installed late and the products could not be sold because market study had not been made in advance, nor had adequate steps been taken to develop the market. This happens because at the time of setting up of the projects, little or no attention is paid towards production and utilisation of by-products. The Committee consider it essential that at the time of preparation of detailed Project Report itself proper assessment of the nature and the extent of by-products likely to arise during production/operation of the plant should be worked out so that adequate arrangements about their utilisation/disposal could be made well in time of the arising of these by-products.

The Ministry of Industry, etc., may please note and also bring to the notice of Public Sector undertakings for following up Committee's above observation. The Public Sector undertakings concerned be also required to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXXVI

(Vide reply to recommendation at Serial No. 59—Page 23)

No. 9(28)/FI/67/Cir.Adv(P)-28

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 14th February, 1968

OFFICE MEMORANDUM

SUBJECT :—*Proper operation of by-product plants (Conclusion/Recommendation S. No. 59 in Appendix III of the 40th Report on the Committee on Public Undertakings (Third Lok Sabha).*

The Committee on Public Undertakings have noticed that the operation of some of the by-product plants could not be continued due to defects in the plant and machinery or in operation. The Committee have further pointed out that even after several years of the working of some of the by-product plants of the Hindustan Steel Ltd., it had not been possible to rectify defects in the plant and machinery for the by-products. The Committee trust that effective steps would be taken to set right the defects in the plant and machinery to ensure proper utilisation of the by-products.

The Ministry of Industry, etc. may please note the Committee's above observation and advise the Public Undertakings to ensure proper maintenance of by-product plants and to take effective steps to rectify defects in plant and machinery or in operation. In this connection, the Chairman, Hindustan Steel Ltd, has set up a Committee to evaluate the performance of the various units of the by-products plants in the three steel plants and to assess the deficiencies including those relating to operation and maintenance etc. and to recommend measures for improvement.

The public sector undertakings concerned may kindly be advised to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR,
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXXVII

(Vide reply to recommendation at Serial No. 60—Page 24)

No. 9(28)/FI/67-Cir./Adv(P)-37

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi, the 4th February, 1969

OFFICE MEMORANDUM

SUBJECT :—*Reports to Management to maintain close watch over the inventories. (Conclusion/Recommendation No. 60 in Appendix III of the 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings have pointed out that in the absence of periodical reports to the top management it is difficult to maintain close watch over the inventories. While the precise nature of the reports, which should be submitted to the top management, and their periodicity may differ to some extent from undertaking to undertaking, they have suggested that the top management (General Manager, Chairman/Managing Director, Board of Directors) should get periodical reports on the following aspects of Materials Management :

- I. Reports about purchases containing the following information :—
 - (i) Details of purchases above certain limits.
 - (ii) Purchases over certain limit where lowest tenders were not accepted.
 - (iii) Details of rush and emergency purchases showing items purchased, their value, source of purchase, reasons etc.
 - (iv) Details of indents outstanding viz. their number, the period for which these were outstanding, reasons for delay, if any.
- II. Reports about Stores Department containing the following information :—
 - (i) Stock position about major raw materials stores, finished goods etc.
 - (ii) Position about slow moving/non-moving stores, extent of surplus stores and position about their disposal.
- III. General Reports about the following :—
 - (i) Reports about the foreign exchange utilisation;
 - (ii) the imports made;
 - (iii) steps taken for import substitution and the results achieved; and
 - (iv) value analysis reports etc.

2. The Ministry of Industrial Development & Company Affairs, etc. are requested to advise the Public Undertakings the importance of submission of such vital statements periodically to top management for an overall control over the inventories. The Public Sector Undertakings concerned be requested to send a report before 30-6-69 on the progress of action taken in respect of the recommendation to the administrative Ministry with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To
All Ministries/Departments of the Government of India.

APPENDIX XXXVIII

(Vide reply to recommendation at Serial No. 61—Page 25)

No. 9(28)/FI/67/Cir.Adv(P)-40

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi, March 26th, 1969

OFFICE MEMORANDUM

SUBJECT :—*General Conclusion—Material Management. (Conclusion/ Recommendation S. No. 61 in Appendix III of 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings after an examination of the working of Materials Management in Public Undertakings have observed that although most of the undertakings are conscious of heavy investment in inventories, there has not been a continuous effort to control inventories or to introduce new techniques of material management.

In conclusion the Committee made the following general observations:—

- (i) By and large, materials management has been given a secondary importance in the organisational set up of an undertaking. There is therefore need to pay greater attention to the efficient functioning of this Department.
- (ii) A large number of undertakings depend on imported spare parts and components. Because of long lead time required for imported products and due to acute foreign exchange situation, there is a tendency on the part of the undertakings to import larger stocks in order to avoid possible stoppage of production due to non-availability of stocks at the required time. There is therefore need to liberalise maintenance imports to obviate this tendency. There is also need for stepping up indigenous production and development of ancillary industries so that dependence on imports is reduced to the minimum. Government should pay particular attention to these matters.
- (iii) Various methods of inventory control have been adopted in industrially advanced countries. These are classification, codification, standardisation, variety reduction, value analysis, A.B.C. analysis, etc. Adoption of these methods can greatly help in reducing costs. Barring a few undertakings, these aspects have not been given proper attention. These new techniques should be employed.
- (iv) There have been numerous complaints from the undertakings that both from the point of view of quality and price the indigenous products do not compare favourably with the imported ones. While the undertakings can help the indigenous manufacturers to improve the quality of their products, Govern-

ment also should take suitable steps for reducing the cost of such products.

- (v) Utilization of by-products has not received proper and adequate attention of several undertakings. In some cases plants for their utilization were initiated quite late, while in others by-product plants had been installed but were not operating due to defects in the plant or because adequate efforts had not been made to develop the market for these products. There is need for advance planning in this respect and also for implementing the plans.
- (vi) There is a general feeling that materials management does not require any specialised knowledge. It is perhaps for this reason that there are practically no regular arrangements in the country for training of personnel at various levels for appointment to materials management posts. The efficiency of the materials management department will depend on the qualifications and experience of the personnel appointed therein. It is, therefore, essential to arrange regular institutional training in materials management and for exchange of ideas and information through seminars, etc.

The Ministry of Industrial Development & Company Affairs etc., are requested to bring the above general observations of the Committee to the notice of Public Sector Undertakings for necessary action. The Public Sector Undertakings be requested to send a report before 30-6-69 on the progress of action taken in respect of the observations to the administrative Ministries with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
 Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XXXIX

(Vide reply to recommendation at Serial No. 27—Page 27)

No. 9(28)/FI/67-Cir/Adv(P)-12

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

North Block, New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—Purchases through Limited Tender. (Conclusion/Recommendation S. No. 27 in Appendix III of 40th Report of the Committee on Public Undertakings.)

The Committee on Public Undertakings have observed that it is necessary to fix the number of suppliers to whom the limited tender inquiries will be sent based on value of the purchase order. In case the number of suppliers invited to tender or the valid quotations received is less than the number fixed, the purchasing officer should obtain the approval of the next higher authority before ordering purchases.

2. The Ministry of Industry, etc., are requested to advise the Public Undertakings that it is not considered advisable to limit the number to a definite figure of registered suppliers to whom enquiries against limited tenders have to be issued. As far as possible, all suppliers registered for a particular item should get the tender enquiry for that item. However, if the list is too long, the enquiry may be restricted to only few suppliers on the basis of their past performance, but the Purchase Officer within whose power the purchase lies, should obtain the approval of the next higher authority about the number and name of tenderers in such cases. It should not be necessary for him to get the approval of the next higher if some of the tenderers do not respond. However, in cases of only single offer, the purchase should be treated on single tender basis and decision taken on its merits. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendation, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR

*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XL

(Vide reply to recommendation at Serial No. 56—Page 30)

No. 9(28)/FI/67-Cir. Adv(P)-26

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th October 1967

OFFICE MEMORANDUM

SUBJECT :—*Handling Losses. (Conclusion Recommendation S. No. 56 in Appendix III of 40th Report of the Committee on Public Undertakings.)*

The Committee on Public Undertakings have observed that some shortages may be inevitable in the normal course of handling of certain stores. In such cases, suitable norms should be fixed for such handling losses and the actual shortages compared with the limits so fixed. The norms fixed should be regularly reviewed with the object of keeping the losses as low as possible.

2. The Ministry of Industry, etc., are requested to advise the Public undertakings to fix suitable norms for handling losses and make regular reviews. The Public Sector Undertakings concerned be also requested to send a report before 31-3-68 on the progress of action taken in respect of the recommendations, to the administrative Ministry, with a copy to the Bureau of Public Enterprises.

Sd./- P. GOVINDAN NAIR
*Secretary to the Government of India and
Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XLI

(Vide para 4 of Introduction)

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

1. Total number of recommendations	61
2. Recommendations which have been accepted by Government (<i>vide</i> Sl. Nos. 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 53, 54, 55, 57, 58, 59, 60 and 61).	
Number	56
Percentage to total	92%
3. Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>vide</i> Sl. Nos. 3, 27, 28 and 46)	
Number	4
Percentage to total	7%
4. Recommendations in respect of which replies of Government have not been accepted by the Committee	Nil
5. Recommendations in respect of which replies of Government are still awaited (<i>vide</i> Sl. No. 56)	
Number	1
Percentage to total	1%

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			

© 1969 BY LOK SABHA SECRETARIAT

**PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT
OF BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE
MANAGER, GOVERNMENT OF INDIA PRESS, FARIDABAD.**
