

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

**(FOURTH LOK SABHA)**

**FORTY-FIRST REPORT**

**Action Taken By Government on the Recommendations  
contained in the Sixth Report of the Committee  
on Public Undertakings (Third Lok Sabha)**

**FERTILIZER CORPORATION OF INDIA LTD.**

**Ministry of Petroleum and Chemicals and Mines & Metals  
(Department of Chemicals)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1969 | Chaitra 1891 (S)*

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## C O R R I G E N D A

FOURTY-FIRST REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (1968-69) ON ACTION TAKEN BY GOVERNMENT IN THE RECOMMENDATIONS CONTAINED IN THE SIXTH REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (THIRD LOK SABHA) ON FERTILIZER CORPORATION OF INDIA LTD.

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

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**Shri M. M. Mathur, *Under Secretary.***

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit the Report on their behalf, present this Forty-First Report on the action taken by Government on the recommendations contained in the Sixth Report of the Committee (Third Lok Sabha) on Fertilizer Corporation of India Ltd.

2. The Sixth Report of the Committee on Public Undertakings was presented to the Lok Sabha on the 23rd April, 1965. Government furnished their replies indicating the action taken on the recommendations contained in the Report during the period 18th January, 1966 to 3rd April, 1967. Further information in respect of some of the recommendations was called for by the Committee from the Government on 31st March, 1969 and the replies on these were received from Government on the 8th April, 1969.

3. The replies of Government to the recommendations contained in the aforesaid Report were considered and approved by the Committee on the 16th April, 1969. The Committee authorised the Chairman to finalise the Report and present it to Parliament.

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

- (i) Report.
- (ii) Recommendations 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.

5. An Analysis of the action taken by Government on the recommendations contained in the Sixth Report of the Committee (Third Lok Sabha) is given in Appendix. It would be observed therefrom that out of 120 recommendations made in the Report, 57 per cent have been accepted by Government and the Committee do not desire to pursue 39 per cent of the recommendations in view of Government's reply. Reply in respect of 1 per cent of the recommendation have not been accepted by the Committee while replies in respect of 3 per cent of the recommendations are still awaited.

NEW DELHI:

April 22, 1969

*Vaisakha 2, 1891 (SAKA)*

G. S. DHILLON,

Chairman,

Committee on Public Undertakings.

## CHAPTER I

### REPORT

#### A. *Location of Head Offices of Public Undertakings Paras 210-211 of Sixth Report (Third Lok Sabha).*

##### **Recommendation (Serial No. 72)**

In their recommendation in paras 210-211 of the Sixth Report (Third Lok Sabha) the Committee on Public Undertakings had desired that the location of Head Office of each public undertaking should be decided after taking all relevant factors into consideration (its size, number of units, their location, stage of their execution etc.) but such a decision should be based on certain broad principles. They suggested that the Ministry of Works and Housing should go into the question in consultation with the administrative Ministries concerned and lay down broad principles for locating the headquarters of public undertakings, consistent with their efficiency and economy, while keeping in view the need for relieving congestion in the capital. In that connection they invited a reference to the recommendation contained in para 17 of the 50th Report of Estimates Committee (Third Lok Sabha). The Committee also desired that the question of location of head office of the FCI should be re-examined in the light of this recommendation.

In reply the Government stated that the Ministry of Works and Housing had examined the recommendation contained in para 17 of the 50th Report of the Estimates Committee (3rd Lok Sabha) and forwarded their conclusions to the Department of Administrative Reforms for consideration of the Committee on Administration, which was set up for considering the final action to be taken on the various recommendations made by the Estimates Committee. The reactions of the Committee on Administration were awaited. The Ministry also stated that the question of location of the Headquarters of the FCI in Delhi would be re-considered after the broad principles were framed.

Emphasis was again laid on the above recommendation in the action taken Report on the Recommendations contained in the Fiftieth Report of the Estimates Committee (Third Lok Sabha) on public undertakings. In that Action Taken Report the Committee had expressed regret that examination of the problem had not been taken up all these years nor any effort made to lay down criteria for location of such offices in Delhi. The Committee had reiterated their earlier recommendation and desired that Government should undertake such an examination and lay down the criteria as recommended in the Report, and get them implemented.

The original recommendation for pooling, economising and rationalisation of accommodation of the public undertakings was made 5 years ago. The matter is still under examination of government. The Committee deprecate this inordinate delay in solving the problem of location of Headquarters of public undertakings. They stress that immediate steps should be taken to lay down guidelines in this respect with a view to reduce congestion in the capital. They would also suggest immediate consideration of the question of location of the Headquarters of the Fertilizer Corporation of India.

## **CHAPTER II**

### **RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation (Serial No. 3)**

As the Indian farmer has now gained experience in the use of several varieties of fertilizers, the Committee are not sure if the production of double salt at present assumes the same importance as before. They feel that the acceptance of the suggestion in paragraph 20 would not only improve the economics of the unit but would also meet the demand of the Ministry of Defence for ammonium nitrate, which is in short supply and is of equal importance. The Committee recommended that the matter should be looked into in consultation with the Ministry of Food and Agriculture and an early decision taken. (Para No. 21).

#### **Reply of the Government**

A scheme for diverting a part of ammonium nitrate from the Double Salt Plant for the manufacture of explosives grade nitrate crystals has already been worked out. The Scheme envisages the production of 9,000 tonnes per annum of ammonium nitrate crystals. The bulk of the ammonium nitrate will be supplied to one or more parties for manufacture of explosives for civilian purposes in peace time. In cases of emergency, the ammonium nitrate crystals can be supplied to meet the requirements of Defence Ministry. Another alternative proposal is to supply ammonium nitrate liquor to the extent of 9,000 tonnes of ammonium nitrate, per annum, to a manufacturer of ammonium nitrate-fuel oil explosives. The manufacturer will himself produce the crystals. The sale of ammonium nitrate liquor will be effected on the condition that, in the event of a national emergency, the explosives manufacturer will supply the crystals to the Defence Department.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. (II)/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 4)**

The Sindri Unit has been compelled to frequently change the blend of coal, depending upon the quality of coal available. The Committee feel that fertilizer Industry is no less vital to the country's economy than steel or other industries to which superior coal has been diverted. They would urge that suitable steps be taken by Government to allocate the right blend of coal for coke ovens, regularly and in adequate quantities. (para Nos. 23—25).

#### **Reply of the Government**

At present, no difficulty is experienced in procuring the required type of coals for the Sindri Unit. In case any difficulty arises, it will be looked into.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

### **Recommendation (Serial No. 16)**

The Stores Accounting Procedure Order (Provisional) 1952 followed in Sindri and the Stores Procedure Order at Nangal are not exhaustive. Further, stores at the Nangal Unit are not being classified either according to their value or according to their procurement time. The Committee recommend that immediate action may be taken to lay down a comprehensive Stores Manual for the guidance of all the Units/Projects of the Corporation so that stores accounting problems and overstocking are avoided in the new Projects (Para 58).

#### **Reply of the Government**

Classification of stores according to their value and procurement time is being carried out at Nangal. Similar classification has been done at Sindri. Action has also been initiated to draw up a comprehensive stores manual for the guidance of the concerned personnel. New Material management techniques are also being introduced.

[Ministry of Petroleum and Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18th January, 1966].

### **Recommendation (Serial No. 18)**

Hours lost on repairs etc. of urea, double salt and coke oven plants of the Sindri Unit have been going up.

It is well known that poor maintenance causes frequent breakdowns in the plant and reduces the time available for production. It is therefore, vital to production that plant and machinery are well maintained. It would be useful if a system of preventive maintenance is introduced in the Unit. This will not only reduce the volume of maintenance work but also the inventory of spares. It has particular importance in India where, due to shortage or foreign exchange neither replacements machines nor spares are readily available. The Committee trust that with the introduction of improved maintenance techniques, methods etc. the efficiency of the plant would improve. (Paras 62-63).

#### **Reply of the Government**

Noted. It may be mentioned that there has been slight increase in the hours lost due to break-downs in the Urea, Double Salt and Coke Oven Plants and the hours lost cannot be considered as excessive. Preventive maintenance schedules have been worked out for all the plants at Sindri and these schedules are being strictly followed for at least the past two years.

[Ministry of Petroleum and Chemicals, O.M. No. Fert. II/1(20)/65, dated 18th January, 1966].

### **Recommendation (Serial No. 19)**

Labour relations at Sindri have not been satisfactory during the last two years. It is expected of public undertakings that they would become model employers. Since these undertakings constitute social property, the workers should also display a sense of responsibility and should not have an unnecessary agitational approach. The Committee need hardly state that complete co-operation between labour and management is very essential for the

efficient working of any unit. They feel that time has come when Government should make a comprehensive review of labour management relations in all the public undertakings and lay down suitable policies to be followed by them to ensure better industrial relations. (Paras 64-65).

#### **Reply of the Government**

The principal cause behind the deterioration of industrial relations in this Unit from 1960-61 onwards has been the rivalry and struggle for power among local INTUC leaders of the Fertilizer Factory Workers' Union which was the only recognised Union since 1960. The Management had to face unusual difficulties in having to deal with the warring factions of the same Union. The employees were worked up by labour leaders due to inter-factional rivalries and with a view to strengthening their own positions.

The labour situation is, however, being tackled at present with all the care it needs and the labour relations have improved considerably since the last disturbance in July-August, 1964.

As regards the Committee's recommendation that Government should lay down suitable policies to ensure better industrial relations, it may be mentioned that suggestions for setting up of a Committee to review the working and implementation of labour laws in the public sector and for conducting reviews of industrial relations, with special reference to the implementation of labour laws and the code of discipline in all public sector undertakings, are being placed, for consideration, before the 23rd session of the Indian Labour Conference, scheduled to be held in October, 1965.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 21)**

The Corporation took about 6 to 7 years to erect and commission the fertilizer and heavy water plants at Nangal. Even after the consultants were selected, the time taken works out to 4½ and about 6 years respectively. From the dates of award of contracts for the fertilizer and heavy water plants, it took about 3½ and 4 years respectively. The delay in erection resulted in an additional expenditure of about Rs. 75 lakhs on departmental charges alone. The Committee trust that the Corporation would take suitable measures to avoid such delays in the new projects under construction. In this connection para 164 may also please be seen. (Para 78).

#### **Reply of the Government**

Noted. With the experience the Fertilizer Corporation has now acquired, the Company would be able to commission the new plants within a period of 3 to 4 years from the time the project is approved and funds allocated to meet its cost, particularly the foreign exchange component.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 26)**

The Committee would urge that necessary measures be taken to remedy the defects in the electrolyzers at Nangal and instal additional cells without delay so as to avoid loss in production. (Para 98).

### Reply of the Government

Every effort is being made to remedy the defects. The first overhaul of Electrolysers has already been approved by the Board but this will take 2½ years to complete after the foreign exchange is released and materials have been procured. Four electrolysers have already been overhauled with the available materials up to middle of January, 1965. It has been decided to add additional cells by obtaining the same from the Fertilizers & Chemicals Travancore Ltd., Alwaye where these will become surplus to requirements in the implementation of the Fourth Stage Expansion Schemes.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

### Recommendation (Serial No. 30)

It has not been possible for the Nangal Unit to use oxygen in the electrolysis plant which is being let out in the atmosphere. The cost of production of the Nangal Unit is much higher as compared to similar factories abroad. Maximum utilisation of the existing resources is, therefore, essential for reducing the cost of production and improving its financial position. The Committee were informed that utilisation of oxygen would fetch about Rs. 60 lakhs. p.a. They, therefore, recommend that the schemes for utilisation of surplus oxygen should be carefully examined and implemented without delay. (Paras 106—110).

### Reply of the Government

Utilisation of by-product Oxygen from the Electrolysis Plant is a problem wherever fertilizer production is based on electrolytic hydrogen. In most concerns abroad, Oxygen is vented to the atmosphere. A scheme for utilising Oxygen for expanding the Nangal factory is, however, under the consideration of Government.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

### Recommendation (Serial No. 31)

The Committee would urge that energetic efforts be made to solve the problems of failure of expansion turbine rotor in Nitric Acid Plant and also Corrosion in Condensators and ammonia vaporiser Plant at Nangal at an early date. (Para 112).

### Reply of the Government

All efforts are being made to solve the problems.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

### Recommendation (Serial No. 33)

The Committee recommend that Government might examine the present procedure regarding scrutiny of projects with a view to simplify and orient it so as to minimise delays in their sanctioning. (Para 119).

### Reply of the Government

The Bureau of Public Enterprises, Ministry of Finance has been requested to examine this as this matter is of general applicability.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

### Further information called for by the Committee

Please indicate the conclusions reached by the Bureau of Public Enterprises—Ministry of Finance regarding the procedure for scrutiny of projects with a view to simplify and orient it so as to minimise delays in their sanctions.

[Lok Sabha Sectt. D.O. No. 15-PU/68, dated 31-3-1969].

### Further Reply of Government

The Bureau of Public Enterprises has since brought out a Manual of Feasibility Studies for Public Sector Projects which *inter alia* details procedures regarding scrutiny of projects with a view to simplify and orient it so as to minimise delays in their sanctioning.

[Ministry of Petroleum and Chemicals D.O. No. II/1(20)/65, dated 8th April, 1969]

### Recommendation (Serial No. 34)

It would be clear that a uniform procedure has not yet been evolved in the matter of selection of sites and preparation of Detailed Project Reports by the Fertiliser Corporation. The Committee are also not sure if a well-defined procedure has been laid down by Government indicating the various stages in the implementation of industrial projects and the order and time sequence in which those steps are to be proceeded with. To avoid delays and inadequacies in the planning of projects, the Committee feel that it would be desirable to clearly spell out the types of studies that should be undertaken and the order in which they should be conducted before a project is finally approved by Government for implementation. They suggested that the Bureau of Public Enterprises might examine this matter with a view to prescribing a regular procedure for adoption in the case of all the industrial undertakings in the public sector. (Para 121).

### Reply of Government

The Bureau of Enterprises has been requested to evolve a procedure for adoption by the Industrial Undertakings in the Public Sector.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts.II/1(20)/65, dated 18th January, 1966].

### Further information called for by the Committee

The procedure finally evolved by the Bureau of Public Enterprises in the matter of selection of sites and preparation of Detailed Project Reports may be indicated.

[Lok Sabha Sectt., D.O. No. 15-PU/68, dated 31-3-1969].

### **Further Reply of Government**

Regarding selection of sites, attention of the Committee on Public Undertakings is invited to reply given by the Government to Recommendation No. 26, of their Nineteenth Report on Township and Factory Buildings of Public Undertakings. The procedure regarding Detailed Project Reports is contained in the Manual of Feasibility Studies for Public Sector Projects brought out by the Bureau of Enterprises.

[Ministry of Petroleum and Chemicals, D.O. No. II/1(20)/65, dated 8th April, 1969]

### **Recommendation (Serial No. 36).**

It is obvious that both the Gorakhpur and Namrup Projects suffer from locational disadvantages. The Committee are not sure whether better locations for these units could not be found in these areas. Location is one of the decisive factors in the economics of the working of a Unit. The Committee urge that greater care should be exercised before deciding the location of industrial projects in future and economic considerations should be the guiding factor in this regard. (Para 125).

### **Reply of the Government**

Noted.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts. II/1(20)/65, dated 18th January, 1966].

### **Recommendation (Serial No. 37)**

The Fertilizer Corporation experienced considerable difficulty in the matter of acquisition of land for the Gorakhpur Project. The Committee feel that the present legal position is such that land acquisition procedure tends to be protracted. Government should, therefore, review the legal aspect and take necessary steps with a view to speeding up land acquisition procedure for public undertakings. (Paras 126-127).

### **Reply of the Government**

A Committee is being appointed by the Ministry of Food & Agriculture to examine this question in detail.

[Ministry of Petroleum and Chemicals, D.O. No. (II)/1(20)/65, dated 18th January, 1966].

### **Further information called for by the Committee**

Please intimate the result of the examination carried out by the Committee appointed by the Ministry of Food and Agriculture regarding Acquisition of land for the Gorakhpur Project.

[Lok Sabha Sectt., D.O. No. 15-PU/68, dated 31st March, 1969].

### **Further Reply of Government**

It may be stated at the outset that no Committee was appointed for looking into the acquisition of land for Gorakhpur Fertilizer Project as such. However, a high powered committee consisting mostly of Members of

Parliament have been appointed to review the entire working of the Land Acquisition Act, 1894. The terms of reference to the Committee are to examine the scheme of acquisition of land for public purposes and for Companies in the Public and Private Sector under the Land Acquisition Act, 1894, with particular reference to :

- (i) principles which should govern acquisition of land for a public purpose; and for companies in the public and private sector under the Land Acquisition Act, 1894;
- (ii) principle for determining compensation;
- (iii) reasons for administrative delays and remedial measures;
- (iv) extent of Government responsibility for rehabilitation of evicted families and recommendations about discharge of this responsibility; and
- (v) feasibility of enacting a uniform law of land acquisition which may be applicable to the whole country although land acquisition is in concurrent list.

The Committee is expected to submit its report shortly.

[Ministry of Petroleum and Chemicals, D.O. No. II/1(20)/65, dated 8th April, 1969].

#### **Recommendation (Serial No. 40)**

The selection of a site is a basic, long-term and final decision for the location of an industrial enterprise. Even minor omissions at the time of initial soil investigations can prove to be very costly, as has happened in Namrup. The Committee, therefore, recommend that maximum care and attention should be devoted to detailed soil investigations initially so that chances of a bad location which saddle the project with additional cost and delays are minimised. It might also be examined whether detailed soil investigations could not be carried out against payment of a small compensation to the owners of the land. (Para 135).

#### **Reply of the Government**

The recommendation will be kept in view in choosing sites in future and soil investigation will be undertaken at a stage as early as possible.

[Ministry of Petroleum and Chemicals, O.M. No. Fests.(II)/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 42)**

It was originally proposed to set up a fertiliser factory at Namrup with a capacity of 50,000 tonnes of ammonium sulphate and 50,000 tonnes of urea p.a. Subsequently, however, the capacity was altered to 50,000 tonnes of urea and 100,000 tonnes of ammonium sulphate, necessitating a change in the detailed project report and delaying execution of the project by about a year. The size of an industrial enterprise has to be determined after a thorough study of the requirements. The requirements of tea industry, the principal industry of that region, should have been foreseen. It is regrettable that this was lost sight of. The Committee would urge that such alterations in the capacity of projects during the course of their execution be

avoided, as far as possible, as they involve unnecessary expense and delay. (Paras 138-139).

#### **Reply of Government**

Noted.

[Ministry of Petroleum and Chemicals, O.M. No. Fests.(II)/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 44)**

The Committee feel that the source of credit should be ascertained by an undertaking before inviting tenders for the plant and equipment required for a project. In the case of Trombay Project tenders were invited before knowing the source of finance with the result that the earlier effort proved to be a waste and it became necessary to refloat tenders from American sources when it was finally known that funds would be available from U.S. AID Loan. Perhaps this was inevitable under present conditions in India. Restriction of the source of funds unnecessarily adds to the cost of the project, as has happened at Trombay. The Committee suggest that, as far as possible, united credit should be made available for such big projects. (Para 146).

#### **Reply of Government**

The present practice is to invite tenders for plant and equipment only after possible sources of credit have been determined.

As regards united credits for big projects, it may be mentioned that the only credits of this category are those available from the World Bank/IDA and these institutions do not finance public sector activities in industrial fields where private sector can work as well, e.g., fertilizers.

This recommendation has been brought to the notice of the Ministry of Finance (DEA) as that Ministry arranges the foreign exchange requirements of the Projects.

[Ministry of Petroleum and Chemicals, O.M. No. Fests.(II)/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 45)**

The timely commissioning and economic working of an industrial enterprise depends to a large extent on the timely supply of and reasonable rates for basic raw materials, like water and power. It is, therefore, essential that firm and satisfactory arrangements in regard to their supply should be made in the very beginning, preferably before starting the work, otherwise, it would lead to difficulties. (Para 150).

#### **Recommendation (Serial No. 46)**

The Committee note that the Maharashtra Government had earlier agreed to supply water and power at certain rates. After the location of the project was decided upon, higher rates were demanded. Their supply has also been delayed. Similar difficulties were experienced at Nangal as well. In the circumstances, the Committee suggest that the Central Government should

enter into firm commitment with the State Government concerned with regard to these matters preferably before locating a Project in that State. (Para 151).

#### **Reply of Government**

Noted. It is the endeavour of the Central Government to secure as firm a commitment as possible from the authorities concerned before the location of a project is finalised.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts.(II)/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 47)**

The Trombay Project was faced with the difficulty of loss of equipment in the Dock-yard whose replacement delayed the timely completion of the Project. The value of such equipment and materials amounted to \$ 54,795.14. A number of other items were lost but were recovered after a period ranging from three months to one year. Due to congestion at Bombay Port, a number of ships, some carrying critical items had also to be diverted to other ports, viz., Kandla, Calcutta and Cochin. The Corporation has since set up a Liaison Office at Bombay. The Committee hope that such losses will not recur. (Paras 152-153).

#### **Reply of Government**

Every effort is made to see that such losses do not recur.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts.(II)/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 51)**

Every day's delay increased the capital cost of a project and defers production which in the case of a big fertiliser plant could be worth nearly half a million rupees. The Committee, therefore, recommend that the Corporation should at least now make a serious attempt to reduce the time taken in the erection and commissioning of its future projects. (Para 164).

#### **Reply of Government**

Noted. Suitable instructions have issued to the Corporation.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts.(II)/1(20)/65, dated 18th January, 1966].

#### **Recommendation (Serial No. 53)**

It is hardly necessary to emphasise the need for setting up Cost Reduction Units in big projects where construction accounts for a substantial proportion of expenditure. Immediate steps should be taken to organise such a Unit in all the projects of the Corporation. (Para 168).

### **Reply of Government**

A works study-cum-cost control group functioning directly under the General Manager has now been organised in all new projects. The group analyses factors affecting costs, recommends suitable adjustments from time to time in materials, techniques, procedures and organisation, evaluates the results of implementation of its recommendations and keeps a watch over construction costs.

[Ministry of Petroleum and Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966].

### **Recommendation (Serial No. 54)**

As the intention of preparing completion reports is to benefit from past experience, it would be worth-while preparing such reports for Sindri and Nangal as well. The Committee would suggest that the Planning and Development Division of the Corporation might undertake this task. (Para 171).

### **Reply of Government**

An attempt will be made to prepare completion reports for Sindri and Nangal Units, but for Sindri, it is feared that the effort may not be successful as the persons closely connected with its construction are no longer in position and the relevant records are not also readily available. A comprehensive completion report will be prepared in respect of the Trombay project so that it can serve as a reference book and guide for implementation of the future projects of the Corporation. Similar reports will also be prepared in respect of Namrup and Gorakhpur projects, which are now under construction.

[Ministry of Petroleum and Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966].

### **Recommendation (Serial No. 55)**

The Committee would recommend that after pooling all the experience of the industrial projects, Government should issue suitable instructions to all the projects authorities so as to avoid similar mistakes. (Para 172).

### **Reply of Government**

The Bureau of Public Enterprises, Ministry of Finance, has been requested to issue suitable instruction in the matter.

[Ministry of Petroleum and Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966].

### **Further Reply of Government**

Noted. The Bureau of Public Enterprises alongwith the Management Division of the Planning Commission will continue to study the experience of industrial projects and in consultation with the Ministries concerned issue such instructions as may be necessary to avoid similar mistakes in future.

[Ministry of Finance O.M. No. 13(44)/66-F.I., dated 17-11-1966].

**Recommendation (Serial No. 56)**

The recommendations made by the Planning Commission in the Third Five-Year Plan had not been specifically brought to the notice of the Fertiliser Corporation. The representative of the Ministry agreed that it would be desirable for the administrative Ministries to do so. The Committee, however, feel that the Bureau of Public Enterprises should be entrusted with this task. (Para 173)

**Reply of Government**

The above recommendation has been brought to the notice of the Bureau of Public Enterprises for necessary action.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1969]

**Further reply of Government**

Noted.

[Ministry of Finance O.M. No. 13(44)/66-F.I., dt. 17-11-1966].

**Recommendation (Serial No. 57)**

The number of Directors has varied from year to year. Such variation in the number of Directors gives an impression that the strength of the Board is determined on *ad hoc* basis. The size of a Board is to be related to the volume and variety of work, and the need to provide representation to various interests. The Committee suggest that some broad principles should be laid down to determine the strength and composition of the Board of Directors of the Public Undertakings for the guidance of all the Ministries. (Paras 174-76).

**Reply of Government**

The above recommendation has been brought to the notice of the Bureau of Public Enterprises, for necessary action.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

**Further reply of Government**

The size of the Board should be related to the volume and variety of work, and the need to provide representation to various interests. The observation of the Committee is being brought to the notice of all Ministries.

As regards the broad principles to govern the composition of the Board, these have already been laid down on the recommendation of the Krishna Menon Committee.

[Ministry of Finance O.M. No. 13(44)/66-F.I., dt. 17-11-1966].

**Recommendation (Serial No. 59)**

At the time of reconstitution of the Board in 1964-65, two persons one of whom is zamindar and social worker and the other an educationist were appointed as members. The Boards of industrial undertakings, like the

Fertilizer Corporation, have to decide highly complex and technical issues. Its Directors should, therefore, bring with them qualifications and experience suited for the purpose. The Committee trust that this will be kept in view while appointing the Board of Directors in future. (Para 179)

#### **Reply of Government**

Noted. The recommendation will be kept in view at the time of the appointment of Directors in future.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

#### **Recommendation (Serial No. 61)**

The Committee feel that there has been lack of forethought and planning in regard to the selection of a successor to the present Chairman-cum-Managing Director. A suitable understudy should have been appointed early enough who could take over on the retirement of the existing incumbent. Such an attempt has been made only in November, 1964. For not having done it, it became necessary to give extension of service to a retired officer five long years which could have been avoided. (Para 185)

#### **Reply of Government**

Suitable understudies were appointed earlier, but due to certain unavoidable circumstances these officers had to leave the Corporation. The officer who was appointed as understudy has taken over as Chairman-cum-Managing Director from the 6th September, 1965.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

#### **Recommendation (Serial No. 62)**

The Committee recommend that the desirability of giving representation to the following interests on the Board of Directors of the Fertiliser Corporation might be considered :

- (i) Agricultural Scientists; and
- (ii) Farmers' Organisations particularly because distribution functions are likely to be entrusted to the Fertiliser Corporation. (Para 186)

#### **Reply of Government**

Noted. This will be kept in view at the time of the reconstitution of the Board of Directors.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

#### **Recommendation (Serial No. 63)**

The delays in the implementation of projects in the public sector have largely been attributed to lack of adequate technical, economic and financial planning. In order that planning of projects is done in sufficient detail,

and the progress of their implementation is watched, the Committee consider it necessary that Ministries responsible for administering big projects are staffed with suitable technical personnel. They regret to observe that even a specific recommendation made in the Third Five-Year Plan in this regard has not been implemented by the Ministry of Petroleum and Chemicals so far. The Committee trust that the proposed Cell would now be organised at an early date. (Para 189)

#### Reply of Government

For strengthening administration and Plan implementation in relation to the Fourth Plan, cell each for (i) Petro-chemical industries and (ii) Chemicals and Fertilizers Industries is being set up in the Ministry. The organisational set up of the Cells are as follows :—

	Number
1. Chief Project Officers	2
2. Project Officers	4
3. Stenographers	4
4. Peons	4

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### Recommendation (Serial No. 64)

There have been delays in the submission of quarterly reviews of Financial and Accounting Arrangements by the Financial Adviser of the Fertilizer Corporation. Timely reporting is essential for the efficient working of any organisation. Without it, serious "schedule slippages" or "cost overruns" might come to notice only after the opportunity for corrective action has been lost. The Committee trust that Government would issue suitable instructions to the Corporation clarifying the position regarding timely submission of these reviews without waiting for approval of the Board. (Paras 191-93)

#### Reply of Government

Fertilizer Corporation of India Ltd. have taken steps to ensure timely submission of the quarterly financial reviews to Government. The review is submitted to Government subject to the Board's approval, when it is not possible to obtain prior approval of the Board. The Board's remarks, if any, on the review are subsequently communicated to Government.

Instructions have been issued to the F.C.I. Ltd. in the matter that they should submit the return to Government in time, without waiting for the approval of the Board of Directors and that the Board's remarks, if any, on the review may subsequently be communicated to Government.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

**Recommendation (Serial No. 65)**

The Committee feel that the reports required to be submitted should be meaningful but not too numerous. With that end in view they suggest that the Bureau of Public Enterprises might examine the number and contents of reports presently submitted by the Public Undertakings to Government and the use to which they are put with a view to devising suitable form for submission of such reports. (Para 196)

**Reply of Government**

The recommendation has been brought to the notice of the Bureau of Public Enterprises, Ministry of Finance, for necessary action.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

**Further reply of Government**

Noted.

[Ministry of Finance O.M. No. 13(44)/66-F.I., dt. 17-11-1966].

**Recommendation (Serial No. 66)**

In February, 1962, the then Ministry of Commerce and Industry decided to undertake a study of the difficulties experienced by the Fertilizer Factories at Nangal and Sindri in effecting expeditious off-take of their production and requested the Corporation to furnish quarterly reports on the subject. Since then, progress reports on the subject continue to be furnished to the Ministry. This was a step in the right direction. After sometime the problem of accumulation of stocks had disappeared. Thereafter to have continued to get this report was not necessary and Government could have selected some other aspect or activity of the Corporation for this purpose. (Para 198)

**Reply of Government**

The Report has since been discontinued with effect from 5th August, 1965, as it is considered no longer necessary. As and when some other aspect or activity of the Corporation has to be pursued, necessary action will be taken.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

**Recommendation (Serial No. 67)**

The General Managers of the Projects/Units of the Corporation submit periodical reports and returns in the prescribed forms for the information of the Managing Director. The Committee consider it necessary that a summary of these reports with a clear analysis of physical progress, problems encountered and solutions should also be placed before the board. (Paras 199-200)

### **Reply of Government**

The progress reports of projects under implementation and the operating statistics of production units are submitted to and/or circulated to Directors. Special points arising out of any report are discussed and suitable directives issued by the Board, when necessary.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

### **Recommendation (Serial No. 68)**

The monthly progress reports submitted by the project authorities do not indicate whether the progress of construction is on schedule. They simply state "steel 20 per cent erected" or "buildings 80 per cent completed", etc. The Committee feel that the form of these reports needs revision so as to clearly indicate whether the progress of construction is on schedule and within the estimated cost. They hope that the Bureau of Public Enterprises would look into the matter. (Para 201)

### **Reply of Government**

The recommendation has been brought to the notice of the Bureau of Public Enterprises for necessary action.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

### **Further reply of Government**

Necessary action has already been taken by the Bureau of Public Enterprises, in some cases and the entire question will be examined alongwith the recommendation No. 65.

[Ministry of Finance O.M. No. 13(44)/66-F.I., dt. 17-11-1966].

### **Recommendation (Serial No. 69)**

The strength of various Departments in the head office of the Corporation has generally been brought down during the last two years. The Committees, however, learn that no job analysis has been made so far. They recommend that that should be done. (Para No. 204)

### **Reply of Government**

In accordance with the instructions issued by Government, the Fertilizer Corporation of India Ltd. have agreed to make a job analysis of the various Departments in the Head Office of the Corporation regularly and send a quarterly progress report.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

### Recommendation (Serial No. 73)

The organisational set up of the operating Units as well as Projects under construction varies from project to project.

The Committee realise that the size of Departments in a Unit/Project and the status of departmental heads would depend on the stage of construction or the scale of its operation. Nevertheless, they feel that the organisational set up of a Unit/Project should not be decided on *ad hoc* basis. It should be determined after a proper study of the needs of each Unit/Project because the absence of proper organisation and suitable officers to attend to specific functions from the very beginning, e.g., absence of stores Purchase Officer at Gorakhpur, can result in grave irregularities. To avoid such a situation, the Committee suggest that the Corporation might study the organisational set up of its various Units/Projects *vis-a-vis* needs and remodel it accordingly. While doing so, they might also keep in mind the desirability of having common designation for similar functions in all the Units/Projects, so as to facilitate inter-plant transfers. (Paras 212-213).

### Reply of Government

Noted. The recommendation of the Committee has been followed in respect of all the new projects of the Corporation in that the organisational set up of all the projects has been drawn and common designations adopted for posts having similar functions as far as possible.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

### Recommendation (Serial No. 75)

(i) A Planning and Development Division in a Corporation has a very vital role to play. It is very regrettable that having developed such an organisation it is not being usefully employed, and the experience and talent which have been built are being wasted, leading to frustration among the officers concerned. Government should give this matter immediate attention. The possibility of its services being made available to the private sector on payment of fees should be examined.

(ii) In the meantime, to assess the performance of the Division, it is essential that it should be run on purely commercial lines and charge the units/projects of the Corporation for the work undertaken on their behalf. Its accounts should also be published separately in the Annual Reports of the Corporation. (Paras 218-219)

### Reply of Government

(i) The P & D Division has established facilities for research and technological experiments, development of new designs & processes, construction and operation of pilot plants as well as execution of new projects; and is now sufficiently equipped to produce basic process designs for such facilities as, for example, a medium pressure nitric acid plant or a nitrolimestone plant or a double Salt plant or gas desulphurisation or conversion plants or an ammonium sulphate plant whether by gypsum process or by direct neutralisation. A job of some magnitude on which this division is at present engaged is the design and engineering of Namrup Sulphate Plant.

It is under consideration whether the **Planning & Development Division** should be made responsible also for departmental design, engineering and procurement etc. of Urea plant for the Durgapur project.

(ii) Recently, a scale of charges for specific services rendered by P & D Division has been approved by the Board of Directors, both in respect of services to the units as well as to outside parties. To enable P & D Division to secure a larger clientele and replace foreign firms of consultants it has also been decided that the services which the P & D Division is able to render should be given wide publicity. The P & D Division even now does undertake jobs for the private sector e.g. it is functioning as Technical Consultants for the Gujarat State Fertilizer Company Ltd., Baroda. The question of appointment of Fertilizer Corporation of India Ltd. as consultants to the Orissa Industrial Development Corporation for the Talchar Complex is also under consideration. The Fertilizer Corporation have decided to keep separate commercial accounts for the Division from the current year and exhibit systematically in the Corporation's annual accounts.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 76)**

It is surprising that the management of a public sector plant (Rourkela Fertilizer Plant) was transferred from Hindustan Steel to the Fertilizer Corporation without settling the terms and conditions of the transfer. This led to disputes, difficulties and loss in production. The matter has attracted a good deal of public attention. The Committee hope that such a situation would not be allowed to recur. (Para 221)

#### **Reply of Government**

Noted. The observations of the Committee have been brought to the notice of the Ministry of Steel & Mines.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 77)**

The Committee regret to note that so far no systematic plan has been prepared by the Fertilizer Corporation to recruit, train and develop suitable personnel for top posts though one of its units has been in operation since 1951. This is vital for the efficient functioning of an expanding industrial undertaking like the F.C.I. The appointment of service officials to these top posts in the early stages of an undertaking was understandable but it could hardly be justified at present. In view of its expanding activities and increasing needs for managerial personnel the Corporation should assess in advance its requirements for the next five years and take energetic steps to build up a team of top managers from amongst its engineers and administrators to man its future projects. (Para 225)

#### **Reply of Government**

The Corporation has consciously endeavoured to build and develop its own cadres for manning top managerial posts in its Units/Divisions. There are, at present, only three service officers, seconded to FCI, working as

Heads of Units (Nangal, Trombay and Namrup). One of them is likely to be permanently absorbed in the Corporation. Another IAS Officer (out of the three) has been with FCI or its erstwhile constituent units for about 8 years and it is proposed to absorb him permanently in the Corporation. Four Units/Divisions (Sindri Unit) P & D, Gorakhpur & Durgapur Division) are headed by Managers who have acquired training and experience solely in FCI and are the Corporation's wholetime employees. Efforts will continue to be made and intensified to ensure that a sufficient number of officers of the Corporation are gradually fitted by training and experience to hold top managerial positions to meet its expanding requirements. It may, however, be pointed out that as the expansion programme of the Corporation cannot be foreseen sufficiently in advance and for a long enough period at a time, advance planning for management development of the kind visualised by the Committee becomes difficult.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 79)**

There have been frequent changes in the incumbents of the posts of the General Manager at Sindri and Nangal. Similarly Trombay Project has had three different officers at the head in the construction stage itself. The efficient working of a Unit/Project depends, to a large extent, on the direction and guidance provided by the Chief Executive and it normally takes time to acquire sufficient knowledge of the problems and requirements of a Project. Frequent changes of these officers are not, therefore, desirable and might prove costly. On these considerations, continuity in top managerial posts is very essential, as was agreed to by the representative of the Corporation as well as the Ministry. The Committee have earlier suggested the development of suitable personnel for these posts. Till such time as the Corporation is able to throw up suitable managerial talent from within the organisation, incumbents of these posts should be selected with due care, based *inter-alia* on their experience in industrial undertakings. Further a minimum tenure of at least 5 years should be fixed for the incumbents of these posts. (Paras 228-29)

#### **Reply of Government**

Changes in the appointment of the General Managers of Sindri, Nangal and Trombay had to be made for administrative reasons. However, the Committee's observations have been noted, for guidance.

[Ministry of Petroleum and Chemicals, O.M. No. Fert. II/1(20)/65 dated 18-1-1966]

#### **Recommendation (Serial No. 80)**

The General Manager of Gorakhpur Project who was appointed to the post in April 1963 has since reverted to the U.P. State Service even before completing two years in the Corporation. It takes sometime for a person to familiarise with the working of an undertaking. With his transfer, the experience gained or knowledge acquired is lost and the project suffers. The Committee hope that this aspect would be taken into consideration while appointing top officers in future. (Paras 230-231)

### Reply of Government

Noted. In this particular case, the services of the officer could not be retained as he proposed for reversion on certain personal grounds.

[Ministry of Petroleum & Chemicals O.M. No. Fert. II/1(20)/65 dated 18-1-1966]

### Recommendation (Serial No. 81)

Such of the service officers who have aptitude for industrial management and are found suitable for holding managerial posts in undertakings should be permanently absorbed. Such an arrangement would enable the undertaking concerned to form a nucleus of suitable officers and the officers would also develop a sense of loyalty to the undertaking. The Committee hope that this aspect would receive due attention. (Para 232)

### Reply of Government

While the Corporation would be glad to absorb, on a permanent basis, service officers of proven integrity and managerial ability, all such officers may not opt to serve permanently in the Corporation. This aspect is, however, receiving attention of Government.

[Ministry of Petroleum and Chemicals, O.M. No. Fert. II/1(20)/65 dated 18-1-1966]

### Recommendation (Serial No. 82A)

(iii) The Committee would urge, that, after the General Manager of Durgapur Project has submitted his report, vigorous steps should be taken to reduce the existing surplus personnel at the Sindri and Nangal Units, either by transferring them to the other Projects of the Corporation or securing them suitable employment in other public undertakings with the assistance of the Ministry of Labour and Employment. The possibility of introducing a suitable scheme for voluntary retirement of surplus staff by payment of suitable compensation may also be considered. The Committee have no doubt that the Labour Unions would co-operate with the Corporation as it would have a salutary effect on the unit as well as the workers. (Para 241)

### Reply of Government

Instructions have been issued by the Corporation from time to time that new units should not recruit any personnel without first making sure, by reference to Sindri and Nangal Units, that persons with the required qualifications and experience are not available from amongst the surplus staff in those units. In this connection, the following procedure has been laid down :

- (i) Units/Division having surplus personnel should immediately prepare a detailed list of the surplus staff and circulate it to all other units/divisions;
- (ii) Units/Division that has reported a surplus, will have the obligation to release any person borne on the list of surplus personnel when required by any other unit/division for absorption there;
- (iii) No recruitment from outside should be made if surplus personnel exist in those categories in any unit or division.

(iv) The obligation to fill vacant posts from amongst surplus personnel will apply equally to vacancies arising in existing posts or to new posts.

These instructions are, however, by no means easy of faithful implementation due to many difficulties in the way viz. protection afforded by the labour laws, industrial relations, resistance of State Governments to an increase in labour not belonging to their own States etc. However, vigorous efforts are being made to reduce the surplus personnel.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65  
dated 18-1-1966]

#### **Recommendation (Serial No. 84)**

The Committee feel that there is need for close watch on the recruitment of staff from the very beginning so that over-manning does not manifest in the new units. With that end in view the Committee would like to suggest that :—

- (i) the staff strength for various stages of construction/operation of a project should be carefully assessed in the beginning itself and intimated to the General Manager;
- (ii) the number of personnel employed should be kept slightly below the assessed number;
- (iii) the strength assessed should in no case be exceeded, without prior approval of the Board of Directors;
- (iv) the Board and Government should also keep a continuous watch and periodically examine the staff strength of each project with reference to the estimated requirements; and
- (v) efforts may be made to absorb the surplus staff in the units of the Corporation in other public undertakings as far as possible.  
(Para 246)

#### **Reply of Government**

The suggestions have been noted.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

#### **Recommendation (Serial No. 87)**

On 31st March, 1964 there were 88 categories of technical and 161 categories of non-technical posts in the Nangal Unit. During evidence it was admitted that it was not desirable to have such a large number of categories of posts. Trade and scale classification had to be rationalised and their number reduced. The Managing Director agreed to make a comparative study of the position in other public undertakings. The Committee trust that necessary action would be taken to put this matter in a proper footing in all the projects of the Corporation. Paras (254-55).

#### **Reply of Government**

Necessary data from the units has been called for and the existing classification and grades of employees will be received by the Corporations as suggested by the Committee.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65  
dated 18-1-1966]

**Recommendation : (Serial No. 89)**

The Committee understand that a special unit has been set up in the Ministry of Labour and Employment to assist public undertakings in the setting up of Joint Management Councils and working out the relevant details. They trust that the Corporation would take necessary action to organise a Joint Management Council at the Nangal Unit at the appropriate time in consultation with the Ministry of Labour and Employment. (Para 262)

**Reply of Government**

Action to set up a joint Management Council at the Nangal Unit of the Fertilizer Corporation of India Ltd. will be taken at the appropriate time.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65.  
dated 18-1-1966]

**Recommendation (Serial No. 90)**

A Grievance Procedure has not been introduced at the Nangal Unit so far. The Committee urge that this statutory requirement should be complied with in respect of Nangal and any other defaulting unit of the Corporation as early as possible. (Para 263)

**Reply of Government**

A Grievance Procedure has since been finalised by the FCI and introduced, with effect from the 1st June, 1965.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65  
dated 18-1-1966]

**Recommendation (Serial No. 91)**

The Committee hope that the decision of Government to have the equity capital and borrowings in the ratio of 1 : 1 would be kept in view and the correct proportion between equity and loans reached before long (para 226)

**Reply of Government**

Noted. It is anticipated that the correct proportion between equity and loans will be reached in the course of the financial year (1965-66).

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65  
dated 18-1-1966]

**Recommendation (Serial No. 93)**

It is hoped that with the change in process of production, installation of additional lean gas producers, reduction in staff strength, improved maintenance of plant and equipment, reduction in inventories and improvement in labour relations, the cost of production at Sindri will come down substantially. The Committee trust that every effort would be made to bring the cost of production to the level of standard costs which should be reviewed from time to time. (Para 277)

**Reply of Government**

Noted. All possible efforts are being made to bring down the cost of production.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

**Recommendation . (Serial No. 95)**

The cost of production in the various units of the Corporation should be periodically reviewed with a view to finding discrepancies and locating areas for effecting economies. (Para 280).

**Reply of Government**

This is already being done. A review of the production cost of fertilizers is submitted every quarter to the Board of Directors. The actual costs are compared with the standards and variances explained.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

**Recommendation (Serial No. 96)**

The Committee cannot help observing that no serious attention was given to the important aspect of laying down norms of production at Sindri for thirteen long years. This should at least have been done after the Tariff Commission made a specific recommendation in 1959. The Committee would urge that such norms should be laid down in all future projects of the Corporation from the very beginning. (Para 283).

**Reply of Government**

Norms of production have been laid down for Sindri Unit after the formation of the Corporation. Similarly, norms will be laid down in all future projects of the Corporation from the very beginning.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 97)**

It will be appreciated that any material difference in the provisional and final retention prices would lead to considerable accounting difficulties. To avoid them, it is necessary that the question of prices should be referred to Government sufficiently in advance so that the retention price is fixed before the validity date of the earlier price expires. The representative of the Corporation as well as the Ministry agreed that the matter should have been referred to Government sufficiently in advance of the expiry period. The Committee trust that this aspect would be kept in view in future. (Para 288).

**Reply of Government**

Noted.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 101)**

Land utilisation on construction of townships in the projects of the Corporation has been on a lavish scale. In evidence it was stated that as land was cheap at Sindri, there was one dwelling unit in an acre of land. But under the present conditions, there should be a norm of 6 to 7 dwelling units per acre of land. The Committee trust that this would be kept in view while planning townships in future projects of the Corporation. (Paras 299—300).

**Reply of Government**

The recommendation of the Committee has been noted by the Corporation and will be borne in mind while planning townships for future projects. [Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966].

**Recommendation (Serial No. 102)**

(i) While only 54.1 per cent, of staff at Gorakhpur is proposed to be provided with residential accommodation, the township at Trombay would accommodate nearly 97 per cent. of the staff. It would thus appear that the size of townships and the percentage of staff to be provided with housing accommodation has in each case been decided on *ad hoc* considerations and no definite principles seem to have been followed. The Committee need hardly mention that the size of a township should be based on considerations like location of a project, availability of housing facilities in the neighbourhood, etc. They would recommend that Government should lay down some broad criteria on the basis of which requirements of residential accommodation in a project may be determined by each industrial undertaking in the public sector.

(ii) Over 400 houses are lying vacant at Trombay. The Committee trust staff strength for each project would in future be determined in advance and the total number of houses/flats to be built decided on the basis of criteria laid down by Government. (Paras 302-303).

**Reply of Government**

302(i) Criteria for requirement of land for industrial townships and the density of houses have already been laid down by the Planning Commission (Committee on Plan Projects) and these are being followed as far as possible by FCI in the case of new projects.

(ii) The 400 "vacant" houses at Trombay have been kept reserved for key operative & maintenance personnel in lower categories who have still to be recruited. It would have been quite possible to allot them to some of the existing personnel who have not been provided with accommodation but if this was done, there would be shortage of accommodation for essential staff when the factory goes into production. According to the latest report 99 houses only are vacant at Trombay.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20) 65 dated 18-1-1966]

**Recommendation : (Serial No. 103)**

The facts stated in paragraph 304-306 would indicate the need for construction of townships by the Public Undertakings according to a phased programme related to the actual requirements from time to time, so as to avoid blocking up of excessive capital and also reduce maintenance expenditure. The Committee trust that the Corporation would keep this in mind while putting up townships in its future projects. (Para 307).

**Reply of Government**

In this connection attention is invited to the reply given to Recommendation No. 102 under para 302 (ii).

The latest position is that 48 quarters are vacant at Nangal and 99 at Trombay. The quarters at Nangal are being allotted to such of the employees, jointly occupying quarters at present, as may be eligible for the type of quarter now vacant. At Trombay, 197 technical personnel have yet to join and all the quarters are expected to be fully allotted and occupied within a month or two.

As far as possible, the construction of townships in future project will be phased.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 104)**

The Units/Projects of the Corporation have not taken full advantage of the industrial housing schemes of the State Governments. The Committee therefore recommend that before sanctioning the construction of a township by a public sector undertaking, Government should see if it is not possible for the Undertaking concerned to take advantage of the industrial housing scheme of the State Government concerned, so as to reduce its liability. (Para 308).

**Reply of Government**

For Nangal Unit, the Corporation has already secured the maximum possible subsidy from the State Government in respect of 700 quarters. Efforts are being made to get a subsidy from U.P. Government in respect of quarters at Gorakhpur. Other projects have been instructed to approach the State Governments concerned for subsidy. The Maharashtra Government have declined to grant any subsidy for the Trombay Housing Colony.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 105)**

Since the Fertilizer Corporation was able to get all the money required for putting up townships from the Central Government itself without any difficulty, they did not fully explore the possibilities of getting financial assistance and subsidy from the State Governments. The Committee urge that energetic steps should now be taken to secure the assistance available under this scheme. (Para 311).

### Reply of Government

Noted. In this connection, reply to Recommendation No. 104 (Para 308 may be seen).

[Ministry of Petroleum and Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966].

### Recommendation (Serial No. 106)

The Committee suggest that in view of the low occupancy of the hostels set up by the Corporation, the need for their continuance as such may be examined. They also feel that instead of putting up large hostels to meet the temporary requirements during the construction stage of a project, the desirability of utilising a few residential flats for this purpose may be considered. (Para 314).

### Reply of Government

The recommendation of the Committee has been noted. Government has already issued general instructions regarding closing of hostels/guest houses with low occupancy ratio. The instructions are being implemented.

[Ministry of Petroleum & Chemicals O.M. No. Fert. II/1(20)/65 dated 18-1-1966].

### Recommendation (Serial No. 107)

(i) At Namrup Project, the Corporation is recovering rent for houses allotted to employees at 5 per cent in order to attract suitable personnel. The Committee understand that in addition to concessional rent, the employees are also paid project allowance on the scale laid down by Government. The desirability of charging concessional rent in addition to the project allowance may be considered.

(ii) The occupancy ratio in some of the guest houses of the Corporation (*i.e.*, at Peddar Road, Bombay) is low. With a view to minimising avoidable expenditure, the desirability of closing down guest houses with low occupancy ratio, whether rented or owned by the Corporation may be examined. (Para 315).

### Reply of Government

(i) The facilities extended to the employees of the Namrup project are similar in nature to the facilities enjoyed by the employees of other undertakings situated in Assam such as M/s. Oil India. When the project goes into production the construction allowance granted to the employees will be withdrawn.

(ii) See reply against recommendation No. 106 (Para No. 314).

[Ministry of Petroleum and Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966].

### Recommendation (Serial No. 109)

The progress of the fertiliser industry is closely linked up with the availability of fabrication facilities within the country, particularly in view of the foreign exchange difficulty and the high cost of imported equipment.

The Committee, trust that fabrication capacity for the fertilizer industry would be established at an early date. (Para 322).

### **Reply of Government**

The Government are seized of the importance of this matter. They have accordingly decided to include suitable schemes in the industrial programme of the Fourth Plan. The scheme of Fertilizers and Chemicals Travancore Ltd. for the establishment of a fabrication shop with a capacity of about 2000-3000 tonnes on a single shift basis to fabricate high pressure equipment in collaboration with the Davy United of U.K. is under consideration. In regard to design and engineering facilities, a proposal is also worth consideration to set up a separate company with Power Gas Corporation in which FACT would hold 60% shares. Thus, these two companies together can make a substantial contribution both in terms of design and engineering facilities as well as in terms of fabrication of equipment. There is also a proposal to set up a unit with Czech collaboration with a capacity of 23,000 tonnes on double shift basis for the manufacture of chemical plant equipment. This project will be closely integrated with the Tiruchi boiler plant so that the facilities available at the boiler plant would also be suitably utilised. Further capacity would be created in due course and to the extent possible.

2. The importance in taking advance action for Fifth Plan Fertilizer projects has also been recognised and it has been decided to set up a small group to study the various aspects connected with the preparation of a programme for the fertilizer factories in the Fifth Plan and make suitable recommendations.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

### **Recommendation (Serial No. 110)**

The Committee trust that a detailed study will be made with a view to evolve standard designs and specifications for equipment for the new fertiliser plants. (Para 323).

### **Reply of Government**

FCI's Planning and Development Division has already established standard specifications for fertilizer plants.

Standardisation cannot be evolved for complete plants as such; because, there are differences from plant to plant in the matter of capacity, locational factors, processes, finished products, etc. Standardisation is possible for items such as pipes, high pressure equipment, compressors, frames, forgings, valves, joints, bends, elbows, pumps, frames etc.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

### **Recommendation (Serial No. 111)**

Very little attention has been paid so far to the manufacture of spare parts in the country which are so essential for the maintenance of any fertiliser plant. The Committee feel that with the present progress in engineering and steel industries, it should be possible to produce a large percentage of spare parts within the country. They trust that the Corporation

will maintain close coordination with the fabricators in the country, and encourage them to meet the requirements of the various factories increasingly. (Para 325).

#### **Reply of Government**

Noted, FCI is making the maximum possible use of available capacity within the country, in their own workshops as well as those of others for the fabrication of spare parts required for maintenance of plants. However, there are limitations, specially in the availability of materials required which, in some cases, have to be imported.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 112)**

The Committee urge the Corporation and its Units to play more positive role in the setting up of ancillary industries. (Para 326).

#### **Reply of Government**

Noted.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 113)**

With a view to keeping the capital cost of new industries as low as possible, it has been suggested that the industrial undertaking concerned might bear the entire expenditure in respect of railway siding within the factory premises but the cost of work outside the factory should be borne by the railways subject, if necessary, to the applicant undertaking of offering a minimum traffic, as may be stipulated by and mutually agreed with the railways.

Since any change in the present arrangement is likely to have far reaching repercussions on the railways and all the industrial undertakings the Committee suggest that the matter might be thoroughly examined by the Ministry of Railways in consultation with the Ministry of Finance to see, if a change in the present position is called for in view of the difficulties referred to above. (Para 328-329).

#### **Reply of Government**

The observation of the Committee have been brought to the notice of the Ministry of Railways and the Bureau of Public Enterprises, for consideration.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 114)**

From the relative economics of hiring the engines and their purchase as worked out by the Sindri Unit, it is noted that if 3 HGS Class of locomotives (Second-Class) are available in good condition, the expenditure

will come down considerably and in any case the purchase involving capital outlay will yield a net return of not less than 36 per cent. The Committee trust that the required number of locomotives will be purchased for Sindri. (Para 331).

#### **Reply of Government**

The Eastern Railway has agreed to sell three HGS Class locomotives (used engines) to Sindri, and out of these one has already been taken over. Another one has been inspected and is undergoing rectification before it is taken over. The third one is expected to be offered soon for inspection.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 116)**

The Committee trust that a review of the requirements would urgently be made for affecting economy in the case of staff cars, vehicles, etc. It will also be desirable to lay down suitable norms based *inter-alia* on the number of officers in a project, volume of work, distance from the nearest city, etc., for the guidance of managements of future projects of the Corporation. (Para 335).

#### **Reply of Government**

At the time of the Committee's examination of this issue, measures for effecting economy in the use of staff cars, vehicles etc. were under examination of the Company. The study has since been completed. It has been decided that in production Units the number of vehicles should be reduced by 60% and conveyance allowance granted to officers, subject to certain conditions.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### **Recommendation (Serial No. 117)**

The Committee understand that Bechtel Corporation has submitted a feasibility report which is under Government's consideration. The Committee understand that some other firms have also evinced interest in putting up fertiliser factories in the country. They have no doubt that during further negotiations with Bechtel Corporation or other firms which have shown interest Government would try to get the best possible terms. All the same they would urge that the final arrangement should be so devised as to secure full association of Indian technical personnel at every stage of the work as also full utilisation and maximum development of whatever construction and fabrication facilities exist in the country. (Para 338).

#### **Reply of Government**

Noted.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

**Recommendation (Serial No. 110)**

(i) It was expected of the Fertilizer Corporation that with its past experience in establishing fertiliser plants at Sindri and Nangal, it would avoid some of the mistakes that have been committed in its later projects. This has not been so largely due to the fact that the Corporation did not develop adequate managerial talent. Service officials with little experience of industrial projects were entrusted with the implementation of these projects. There were also frequent changes in the incumbency of these top posts, even during construction. It is time that the Corporation applied itself to the proper planning of projects and ensured that they are executed with the utmost speed and economy so as to avoid imports of fertilisers which have been a drain on our foreign exchange resources.

(ii) It appears that the Ministry was also not adequately equipped to scrutinise the schemes and proposals of the Corporation and to keep a continuous watch on its performance. It is also surprising that although the Ministry directed the Corporation to organise a Planning and Development Division at an enormous cost—the expenditure on salaries and allowances of Planning and Development Division alone amounts to Rs. 37 lakhs per annum—they have not taken steps to ensure that it is put to proper use with the result that the Division is languishing. The Committee hope that the Ministry would now play an effective role to ensure that the working of the Corporation is placed on a proper footing.

(iii) In the earlier Chapters, the Committee have suggested various matters for examination by the Bureau of Public Enterprises. They would like to be informed in due course of the action taken by the Bureau. (Paras 346—348).

**Reply of Government**

Noted.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

## CHAPTER III

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

#### Recommendation (Serial No. 1)

The question of inadequate spare equipment at Sindri, deterioration in the quality of raw materials (*viz.*, coal and gypsum) and the steps taken to overcome these problems are dealt with in paragraphs *infra*. The Committee, however, regret to observe that no steps appear to have been taken so far to improve the position although production at Sindri Unit has been much below the rated capacity all these years. In this connection paragraphs 66—73 may also please be seen. (Para 15).

#### Reply of Government

The provision of spare stand-by equipment in any process plant has to be considered as a function of (i) inherent design of the machines, (ii) the quality of workmanship, (iii) time required for periodical maintenance, and (iv) the duty to which the items of equipment have to be put. An important factor in the case of an Ammonia Plant is the quality of gas as even minor impurities can have serious influences on the time efficiencies of the cold boxes. At Sindri, one problem of stand-by equipment arose out in the case of the expansion plants commissioned in 1958-59. Naturally it was not possible to provide in the initial stages the influences of various factors referred to, above. Only after adequate experience of running a particular plant was gained, the requirement of stand-by spare equipment could be determined. An expert Committee was appointed in 1960-61 to go into the causes of under-production. This Committee recommended some additional equipment. These are under procurement and will be erected shortly.

In regard to the quality of raw materials, namely, coal and gypsum, the position is as follow :—

#### Coal :

The coal needed for Sindri's Coke Ovens have to be such as to produce coke of the following specifications :—

*Ash*

*Not exceeding 24-1%  
(on dry basis)*

Ash Fusion Temperature  
in oxidising atmosphere.

1370-1410°C

In conformity with the above specification and after prolonged study and trial of coals from various sources, blends were developed from selected high grade coking coals of the Jharia field and high volatile semi-coking coals of the Ranigunj field.

#### Gypsum :

The Sulphate Plant at Sindri was designed to operate on high purity gypsum to be supplied from Khewra and Doudkhel in Pakistan. However,

with the partition of the country, the Sindri Unit had to use gypsum from Rajasthan area. Even though the change in the sources of gypsum resulted in the use of low purity materials entailing loss of efficiency, no insurmountable difficulties were experienced in using Rajasthan gypsum for production of ammonium sulphate.

To sum up,

- (a) the old plant has seldom failed to maintain the "rated" capacity since it was commissioned in 1951. The old ammonia plant has always achieved full production (and is doing so even now after a decade and a half's operation) except during two years or so when experimentations with different blends of coal had to be made for good and sufficient reasons. If despite this, the ammonium sulphate production has never been up to the "rated" capacity, the sole reason is unavoidable switchover to 80%—85% pure Rajasthan gypsum with low filterability from 97% pure Khewra gypsum (on which the Sindri factory was designed) from the very start of the factory operations;
- (b) The defects and deficiencies in the Expansion Plant which was commissioned in 1958-59 and the reasons therefor could be fully established only by about 1960-61 after which the most urgent steps have been taken to plan their removal and if the measures devised in the result could not be implemented in time, the sole reason is the general stringency of foreign exchange through which the country has been passing during the last few years.
- (c) Whatever was possible to do in meeting changing quality of coal and gypsum available from time to time has been done with the expedition.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

#### **Recommendation (Serial No. 2)**

The Committee regret to observe that there has been a delay of about 3 years in placing orders for additional equipment recommended by an Expert Committee for the Sindri Unit as far back as 1961 and that it would take another 2 years before it is actually installed. There has been delay on the part of the Corporation in deciding on the equipment to be installed. Thereafter, Government took 1½ years to release foreign exchange. It is difficult for the Committee to appreciate why it was not possible for Government to arrange foreign exchange worth Rs. 20 lakhs which could have saved loss in production of fertilisers worth Rs. 10 crores by March, 1964 alone as also avoided their imports. It is clear that the need for additional machinery was not fully comprehended and the matter was not given the serious consideration that it deserved. The Committee recommend that Government should examine the matter with a view to fixing responsibility for this unconscionable delay in a matter of this importance. (Para 19).

### Reply of Government

Government have carefully examined the circumstances in which delay occurred in placing orders for additional equipment recommended by the Expert Committee for the Sindri Unit.

2. The facts of the case are as follows :—

The Expert Committee gave its final report on 9-12-1961. The Board of Directors of the F.C.I. considered the report at a meeting held on 23-3-1962 and resolved as follows :—

“All recommendations of the Expert Committee’s Report were in principle and generally accepted by the Board. Implementation of the recommendations was entrusted to the management and the management was instructed to come up to the Board whenever and wherever it may face any difficulties in carrying out the Committee’s decision”.

3. Thereafter, the Resident Director of the Sindri Unit and the Planning & Development Division submitted their comments expressing doubts about the soundness of some of the recommendations. So the Board had to appoint a Committee of Directors, in May, 1962, to examine all the points carefully and suggest the line of action. The Committee reported in July 1962. Pending consideration of the report by the Board of Directors, F.C.I. set up an organisation for implementation of the main recommendations. The Board of Directors approved the report in September, 1962. As a result, two of the recommendations of the Expert Committee were rejected. They are (a) the installation of a slagging gas generator with an oxygen plant at a cost of about Rs. 1.75 crores and (b) the adoption of the direct acid neutralisation process in the Double Salt and the ammonium Sulphate plants which involves very heavy investment. Barring these two notable exceptions, the rest of the recommendations of the Expert Committee were approved for implementation. (In accordance with the above decision, the F.C.I. began to formulate applications for import of capital goods). A rough estimate of the foreign exchange component (Rs. 41.78 lakhs) was prepared and forwarded to the administrative Ministry on 27-11-1962.

4. By February, 1963, an attempt was made by the Administrative Ministry to present the Expert Committee’s recommendations as a project under the name “Sindri Implementation Scheme” for the purpose of securing assistance from the Aid India Consortium. However, presumably because of the difficulties involved in presenting it as a project, this line of action was not pursued. Some progress as shown in the next paragraph, was subsequently achieved by trying to secure equipment piecemeal.

5. The Corporation took some time to work out the details and submit individual applications for the import of the different kinds of equipment. Enquiries had necessarily to be made from a number of suppliers in more than one country before deciding which particular kind of make of equipment should be bought. FCI did not, however, suspend action till all the enquiries for all the items were completed, but proceeded to put in applications for individual items as and when information in respect of each of them became complete and a firm view could be taken. Accordingly, on 6-3-1963, an application was filed for a fuel gas blower costing Rs. 1.02 lakhs. On 14-4-1963, another was filed for coke oven-cum-compressor gas reforming plant at a cost of about Rs. 7.18 lakhs. Three

more applications were submitted on 13-6-1963, 25-6-1963, 15-7-1963 and 24-8-1963 for a total value of Rs. 11.69 lakhs in respect of some other items. These applications were processed individually by the administrative Ministry (Department of Heavy Industries) keeping in view the overall allocation of foreign exchange for the half year April-September, 1963. In this manner, foreign exchange was released on 4-6-1963 for the fuel gas blower on the application, dated 6-3-1963 against the allocation under M/R. Here, it must be pointed out that *although F.C.I. had been submitting applications for individual items, it did not make any specific demand under 'Additions' for Sindri in the half yearly foreign exchange budget of April-September, 1963, forwarded under its letter of 18-2-1963.* It is only fair to add that (a) the specific request of the Corporation for free foreign exchange under 'Additions' in respect of other units was turned down during the same half year—within the free foreign exchange made available to the Ministry concerned as a whole—in view of the free foreign exchange stringency and (b) that, due to the critical foreign exchange situation, capital "additions" as a whole were (and are) being financed not from free foreign exchange but essentially from credits.

6. At this stage, to explain the last sentence of para 5, it would be relevant to point out certain aspects of overall foreign exchange availability. Free foreign exchange was (as it is even more so now) extremely limited, particularly, in view of the requirements of Defence, latterly of food and of industrial maintenance. Capital additions as such were, in the main, allocated only against foreign credits; and in view of the extremely limited foreign exchange resources, allocations of free foreign exchange for Capital additions as such were scaled down across the whole economy and this applied to all Ministries. Yet another factor must be borne in mind. Within the free foreign exchange allocations made to Ministries, individual Ministries and Departments had a fair amount of discretion in making sub-allotments. Thus, out of the free foreign exchange allocations made to the Department of Heavy Industries for the second half year, the Department gave no free foreign exchange to Fertilizer Units except what was already debited by way of advance action for certain emergent items. However, within the limited allocation made (not for Capital additions but) for maintenance and replacements, foreign exchange was released to the extent of Rs. 1.11 lakhs on applications dated 24-8-1963, 11-9-1963, 16-10-1963 and 13-12-1963 for some of the items required for the implementation Scheme. It is relevant to add that the Fertilizer Corporation showed Rs. 15 lakhs in this half year's budget against 'Additions' for Sindri.

7. At about this time, the subject "Fertilizers" was transferred from the Department of Heavy Industries to the newly formed Department of Chemicals. In December, 1963, the Secretary of the new Department took up with the Ministry of Finance the questions of special allocation. As the initial request did not make clear a number of relevant points, including whether the request for Sindri covered the full requirement of the Scheme or was still based on the piecemeal approach, the Ministry of Finance asked for clarification. As it was not readily available, F.C.I. had to collect it from the units and discussions were held in the middle of February, 1964 to finalise the matter. These discussions, to summarise, were in two parts. The first related to the maintenance requirements of the various fertiliser units already in operation and, despite the foreign exchange stringency and with the risk of over allocation against existing resources in free

foreign exchange, the Department of Economic Affairs made a special allocation of free foreign exchange to the tune of Rs. 64.58 lakhs for various items. The *second* part of the discussions which was on 18-2-64 in the Department of Economic Affairs, took into account the suggestions made in the Planning Commission on 14-1-1964 on the annual plan of the Department that the Department of Economic Affairs should explore the possibility of tying up the Sindri Implementation Scheme with some line of credit. It was directed to (a) determine the *firm minimum* requirement of the Sindri Implementation Scheme in terms of foreign exchange after allowing for maximum indigenous capability and (b) explore the possibility of importing the required plant and equipment from U.S. (and not U.K. as mentioned in the Report) under the AID programme. *As a result of this discussion and subsequent examination, the total foreign exchange demand on account of the scheme was brought down from Rs. 37.40 lakhs to Rs. 21.81 lakhs.* But on the second aspect there was no success. By the middle of July, 1964, it became clear that the equipment had to be obtained from West Germany and Italy and the U.S. AID funds would not be available for the purpose. Thereupon, free foreign exchange was released to the extent of Rs. 7 lakhs for lean gas generators and steam injectors meant to be purchased from West Germany. An attempt to arrange Italian Commercial Credit for certain other items also failed by about November, 1964. After thus exhausting all possibilities of tying up the scheme with some line of credit, as suggested in the Planning Commission's meeting of January, 1964. Economic Affairs Department communicated their approval to an *ad hoc* allocation of free foreign exchange of Rs. 13 lakhs in advance, but to be debited against the ceiling of the Department for the half-year October, 1964 to March, 1965.

8. It will be noticed from para 7 that the efforts between January and November, 1964 had three results :—

- (a) There was a reduction of nearly 30% in the foreign exchange estimated to be yet required for the scheme.
- (b) It took July to determine that credit could *not* be used, and free foreign exchange *had* to be used, for purchases necessary in West Germany and
- (c) It took till November to determine that for other remaining items, the use of Italian Credit was not possible and that free foreign exchange had to be used.

While (b) and (c) above do appear to be time-consuming, the efforts made have to be assessed against the free foreign exchange situation and against the difficulty in using credits. So far as the free foreign exchange position was concerned, the best evidence of the deteriorating situation on free foreign is given by the behaviour of our reserves. According to Reserve Bank of India statistics, as compared to 1963-64, there was a fall of Rs. 56 crores in the reserves position. Monthwise the fall was, in terms of crores of rupees, as follows :—

July 1964	Change
August 1964	—32.65
September 1964	—0.57
	+5.14

October 1964  
November 1964

—2.25  
—9.27

During this period, the food situation was growing critical and first priority had to be given to food imports. So far as the difficulty in arranging credits is concerned, such use is possible only in consultation with the Government of the aid-giving country and it has been the practice—which has been repeatedly mentioned by us in meetings of the Aid-India Consortium—that clearances (even where forth coming) take months.

9. On receipt of the sanctions for release of foreign exchange in December, 1964, FCI proceeded to place firm orders. It found that prices of some of the items had increased during the long period that elapsed since the time when provisional purchases were first negotiated. The amount was just sufficient to cover all items except the CO<sub>2</sub> Compressor, leaving a small unutilised sum of Rs. 34,500. The foreign exchange cost of the CO<sub>2</sub> Compressor now stands at Rs. 4.50 lakhs which was released in free foreign exchange on 3-8-1965.

10. From the above narrative, it will be clear that for various reasons the Fertilizer Corporation of India was unable to initiate action on the Expert Committee's recommendations for about ten months. They had to spend a few more months for formulating the applications for import of equipment. Government itself could not allocate foreign exchange for most of the items for about 24 months. The first phase of dealing with individual applications lasted till January—February 1964. In the second phase, when the scheme came to be treated on a project basis, with a certain degree of priority through discussions and personal enquiries, the matter made good progress and the allocations were finalised in about 9 months. The difficulty experienced in allocating free foreign exchange without first exploring the possibility of obtaining other credits should be understood in view of the difficult foreign exchange situation during the last two or three years.

11. There appears to be an impression that "untied credits" could have been made available for projects on the basis of their priority as determined by Government of India. The fact is that the only credits untied to use in the lending countries are (in practice) those available from World Bank/IDA. But these institutions do *not* finance public sector activities in industrial fields where private sector can function, for instance, fertilizers. There was, therefore, no alternative but to explore the possibility of covering the scheme with bilateral credits tied to countries, such as US AID, Italian Credit and West German Credit. There was great pressure on German credit from other equally priority schemes. It has already been explained how U.S. and Italian credits were explored. As soon as it became clear that the requirements of the scheme cannot be met under the available credits free foreign exchange was made available. All these attempts show that the Government, in its different departments, was fully seized of the importance of the scheme. It will be obvious that no single department or authority can be held responsible for the delay that has occurred. It is well known that the very process of planning and development is causing tremendous strain on free foreign exchange resources and it is in the national interest that all possible sources of credit are first explored and only when found unsuitable or unavailable an allocation of free foreign exchange can be agreed to. The delay is, therefore, inevitable and unavoidable.

12. It may be pointed out that the careful scrutiny of the recommendations by the Fertilizer Corporation of India has, in fact, resulted in the commission of some very costly items, involving heavy amount of foreign exchange. Similarly, scrutiny at Government level has yielded the good result of reducing the foreign exchange burden of the scheme by Rs. 15.59 lakhs. In November, 1962, the Fertilizer Corporation of India estimated the cost of implementing the recommendations at Rs. 41.78 lakhs on a rough basis. This was subsequently reduced in two stages, firstly to Rs. 37.40 lakhs and secondly to Rs. 21.81 lakhs. In this process, some items which are not so urgent were also left out. Moreover, a saving of Rs. 4.95 lakhs was effected by substituting stainless steel centrifuges and pumps by alternative materials from indigenous sources although at some sacrifice of quality.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

### **Recommendation (Serial No. 5)**

The original design of the coke oven plant provided for both top charging and stamping operation. Stamping process was tried with one machine in 1955 and 1956. A second machine was imported from Germany sometime in 1957. But finally the stamping process was not adopted with the result that the machines are lying idle.

It is apparent that the need for providing for both the processes in the coke oven plant would not have arisen if the specifications and samples of coal had been supplied to the plant manufacturers in advance. This omission has resulted in the import of two stamping machines costing about Rs. 15 lakhs which have been lying idle for the last 8 years. Against the background of difficulty in providing foreign exchange worth Rs. 20 lakhs to the same unit subsequently, referred to in paragraph 19, the import of these machines, which are lying idle, appears incongruous. (Para 26—29).

### **Reply of Government**

At the time when the question of installing a Coke Oven Plant at Sindri to meet the coke requirements of the Gas Plant was under consideration, the need for reducing the use of metallurgical coal for gas generation was given serious consideration. It was felt that in the years to come, there would be a great demand for good quality metallurgical coal in the Steel industry, and that, therefore, the Coke Oven Plant at Sindri should be such that it could produce coke out of weakly coking high volatile coals. On the other hand, since adequate data about producing hard metallurgical coke from high volatile but semi coking coals was not available, the option offered by Ms. Carl Still to operate the plant either by the conventional top charging process when sufficient good quality metallurgical coal is available and also by steam-charging high volatile coals to produce coke of desired strength was accepted. Although it is true that large quantities of high volatile coals were not sent to German for conducting plant scale trials by stamping operation, sufficient samples were made available to the Coke Oven Plant contractors to enable them to test the same. It is only after the contractors were satisfied with the test results that the design of the plant was completed. While the possibility of producing coke using high volatile coal by stamp-charging process was found feasible, it was not

realised at the time that this coke may not be suitable for the gas generators. In actual plant operations when high volatile coals were stamp-charged, the coke produced was found to be comparatively weak in strength and was further found unsuitable for gas generation due to poor ash fusion characteristics. Since all the high volatile coals have comparatively low ash fusion range, coke produced out of these coals gave rise to clinkering troubles in the gas generators. The only way to overcome this difficulty was to mix high ash-fusion metallurgical coal of Jharia fields with high volatile coals. The above blend not only improved the coke strength, but also enabled the F.C.I. to get over the clinkering troubles in gas generators.

Trials with various blends to produce coke, that would meet requirements of gas plant and at the same time ensure maximum possible (even though not the anticipated full) generation of coke oven gas for the Expansion Plants, established that the coke oven Plant should operate with coal blend having 50% high volatile coal and 50% good quality metallurgical coal of Jharia fields. Since the above coal-blend produced satisfactory coke by the conventional top changing process, there was no need to resort to stamping operation.

The stamping units are not separate machines by themselves but form part of the main pushing machine. While both the pushing machines are being constantly used every day, it is only the stamping assembly of these machines that is, at present, in-operative. Many of the equipments in the stamping assemblies can be profitably used after dismantling.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

#### **Recommendation (Serial No. 6)**

It came to the notice of the Committee that unburnt coke discharged along with ash from the gas plant at Sindri has for the last 12 years been sold as waste material. Due to non-recovery of this coke, the Unit has suffered a total loss of approximately Rs. 27.36 lakhs.

It is surprising that the need for recovering suitable coke from ash was not fully realised by the management during all these years, when they knew that the contractor was recovering and selling it outside. The Committee trust that the management would constantly endeavour to explore all possible avenues of economy and avoidance of waste, particularly in the consumption of raw materials, which account for over 50 per cent of the cost of production of ammonium sulphate.

(Paras 30-31)

#### **Reply of the Government**

The design of the Semi Water Gas Generators visualised that a certain amount of unburnt carbon would be discharged along with the ash. Studies were made, even as early as 1952/1953 to estimate the quantity and quality of the unburnt coke. A number of wagons were unloaded in the Gas Plant area inside the factory and the ash was screened for coke. This showed that a figure of 25% for recovery of coke from the ash discharged could be assumed.

An analysis of the coke showed that the ash content in the recovered coke would be of the order of 29% (including free washable ash of about 4-5%) and volatile matter 2.17% and balance carbon. In view of the high ash content in the coke, it was not proposed to use it again in the Semi Water Gas Plant, but it was considered that the sale of this coke as hard coke Gr. II might provide F.C.I. an income to reduce the production cost for gas make.

But as there was no large area with railway siding inside the factory limits for screening the ash, it was decided that the recovery could be done in the ash siding, in the vicinity of the marshalling yard. Accordingly, a provision was made in all the unloading contracts for ash from 1955-56. The coke thus recovered was brought into the factory and stocked in the coke yard for sale as Gr. II coke.

When the Coke Ovens were commissioned in 1954/55, a large amount of coke was thrown up during the trial runs which was not suitable for gas making. This was Gr. I coke and was declared for sale. In spite of contacting the Coal Controller and advertising widely the availability, a large tonnage of this coke (about 60,000 tonnes) was lying unsold. The F.C.I. had to shift the heaps several times from one area to another, so that the conveyor systems (which were blocked by coke) could be maintained. As this coke was not finding any easy market in spite of wide publicity, the Coal Controller agreed to its sale by the Fertilizer Corporation of India as hard coke rejects at the controlled price applicable for soft coke which was Rs. 26/12/- per ton. Even then, the off-take was meagre. It was only in 1961-62 that the Fertilizer Corporation of India could sell the Gr. I coke when the steel factories came into production and when the need for more coke came up.

It must be added that the recovery of coke from the gas plant is linked with the rolling stock for ash disposal. If the F.C.I. were to stress on reclaiming the maximum amount of coke, it would have to almost double the number of empty open wagons owned by it as they would be held up at the ash siding and the turnaround would be more. Also, it would have to build a number of facilities in the ash siding, which is open and where controls are difficult to exercise. In view of the capital involved, it was thought that the reclamation of coke and what possible realisation by sale could be treated merely as an adventitious addition to its income.

Since the middle of 1964, the F.C.I. arranged for the siding inside its factory going to the ACC plant to be blocked during the day time and for the ash wagons to be unloaded and picked. At first this was undertaken as an experimental measure to ascertain quantum of recovery. Experience gained showed that recovery would be about 30 tonnes a day. Thereupon it has now made necessary arrangements for screening the ash inside the factory where checks could be exercised. Meanwhile, with improvement in the quality of coke produced in the Coke Oven Plant, it has now become possible to use the reclaimed coke along with normal supply of coke in the generators.

It will be clear from the above that right from the beginning the need for recovering coke from Gas Plant ash was fully realised and efforts were made to reclaim coke, without detriment to plant operation. What has been arranged for and is being achieved now could not, for the reasons explained

above, be achieved before. Any calculation of "loss" in these circumstances would neither be correct nor appropriate.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966].

### **Recommendation (Serial No. 7)**

The original agreement of Sindri Unit with Messrs Bikaner Gypsum Ltd. for the purchase of gypsum expired in October, 1960. But a fresh contract has not been executed so far.

The Committee are surprised at the unbusinesslike manner in which the entire transaction has been dealt with by the Corporation. Although the proposed contractual period of five years is nearing completion the contract has not been concluded so far. This delay has provided the suppliers with an opportunity to demand higher prices which would affect the cost of production. Further, gypsum is an important raw material for the Sindri Unit and disputes could always arise with suppliers in regard to the quality and/or quantity of the material supplied. In fact, deterioration in the quality of gypsum is the chief problem of the Unit at present. It was, therefore, necessary for the Corporation to safeguard its interests by executing a formal contract even before the expiry of the earlier contract. The representative of the Ministry admitted that the position was not satisfactory. The Committee urge that the formal contract should at least now be executed without further delay and hope that such cases would not recur in future. (Paras 34-35)

### **Reply of the Government**

Even before the expiry of the agreement for supply of gypsum, in September 1960, M/s. B. G. L. were invited for negotiations for a further contract.

While they were willing to continue supplies to Sindri on rates to be negotiated, they were not eager to have a fresh long-term contract. The good quality gypsum at their Jamsar mines had depleted and whatever they could mine thereafter would be low in purity and with their cost increasing, they did not wish to bind themselves to a price fixed for 86% as minimum purity. After persistent endeavours, they came for a discussion on 7-11-1961, as reiterated their stand that for immediate supplies, the minimum purity should be reduced from 86% to 83% and that the prices should be fixed on examination of their books with a profit margin added on their costs. BGL also made it a condition that, should F.C.I. desire to have a long term contract, the Corporation should use its good offices with the Railways for shifting the Jamsar Railway Station, so that the good quality reserves available beneath the station could be worked.

It has always been the FCI's endeavour to obtain as a good quality of gypsum as available at the best possible price because of the impact gypsum supplies have on our production and costs. In the light of this, it was considered desirable that the question of shifting the railway station and making available the good reserves should be preceded with, so that the F.C.I. could persuade the firm to agree to a long term contract. As soon as approval for exploring the possibility for exploitation of good quality gypsum reserves under the railway alignment of Jamsar was obtained, the

Corporation was able to secure from B.G.L., an agreement on the terms regarding prices and purity. This was confirmed, in February, 1962. Supplies of gypsum received so far since the expiry of the old contract have been paid in terms of this agreement. The formal contract has since been signed by M/s. B.G.L., subject to certain reservations.

It will be seen that the delay in finalising the agreement is due to the fact that B.G.L. had no suitable resources and was not willing to commit itself to a long term arrangement, until the Jamsar deposits were assured. It may be agreed that Rajasthan Government has equity shares in this company. If F.C.I. had pressed for a 5 year contract, on the lines of the first five year contract, without arranging for the Jamsar deposits the firm would have had no option but to decline its acceptance. As a matter of fact, Fertilizer Corporation of India has suffered no loss either in the matter of quality of gypsum supply or in the matter of price. Business interests were fully secured by mutual exchange of letters in advance of the execution of a formal contract.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65, dated 18-1-1966].

#### **Recommendation (Serial No. 8)**

In October 1961, though 27,898 tons of gypsum were shown as in stock in the books in actual fact there was not even an ounce of gypsum at Sindri.

The Committee are surprised that the only action taken by Government against the Resident Director for the shortage of 27,898 tons of gypsum costing about Rs. 14.00 lakhs which also resulted in shortfall in production at the Sindri factory was non-extension of his tenure. They consider that this was a matter which should have been investigated thoroughly and disciplinary action taken against the persons responsible therefor and that it was not enough to get such a serious lapse examined by the Financial Adviser only. The Committee regret that this was not done by Government. They suggest that an inquiry be conducted and responsibility fixed, if possible.

(Paras 36—39)

#### **Recommendation (Serial No. 9)**

The Committee are not aware of the basis on which 4 per cent, of the gypsum received as per railway invoice was being written off at Sindri with effect from 21st September, 1956. The very fact that this practice was discontinued after the Financial Adviser examined the matter, would indicate that it was not justified. Normal business prudence required that only the actual difference between the weighments at Sindri and invoiced weights, subject to a reasonable limit, should have been written off. On the basis of average cost, the value of gypsum written off by the Corporation at the rate of 4 per cent, alone would work out to between Rs. 10 and Rs. 14 lakhs per annum. It is surprising that neither the local Chief Finance and Accounts Officer nor audit raised any objection to it and allowed the practice to continue for about five years.

#### **Reply of the Government**

In order to appreciate the true nature of the shortage of gypsum detected in October, 1961, it will be worthwhile to go into the background of events

leading to the shortage. The F.C.I. has two sources of supply of gypsum : (1) from the mines of M/s. Bikaner Gypsums Ltd. and (2) from its own mines. While there is arrangement for weighment at the mine site of M/s. B.G.L. at Jamsar and R/R's are prepared on the basis of weight recorded on the weighbridge, there is arrangement for weighment at the departmental mines. Gypsum is, therefore, loaded into wagons on the basis of volume and a specific ratio of conversion is determined by test weighment. As conversion factor is a variable one and complete accuracy in loading by the volume method cannot be ensured, it is quite likely that there will be some shortages or excesses in the gypsum as compared to the weight recorded in the R/R's by measurement of the volume.

There was also no weighbridge installed in the factory for weighment of gypsum till 1961 and as such, it was not possible for the F.C.I. to find out the exact quantity received in the factory.

Another reason for the shortages and excesses is that since 1958, consumption of gypsum for production purposes was being taken on the basis of back calculation with reference to the production achieved. This was due to the defective functioning of the weighing arrangement. As a result, issues were sometimes being over-estimated or underestimated. Another factor which needs special mention is that physical stock taking of bulk materials like coal, gypsum etc. is done by the F.C.I. by measurement of volume by the survey method according to general commercial practice in respect of such bulk materials. It is needless to mention that due to irregular contours of the various heaps of raw materials and different bulk densities at various levels, complete accuracy of the results obtained by physical verification cannot be ensured.

The stock verification results obtained at different times are tabulated below:—

March 1958	..	..	..	..	..	(—)	24,791	M.T.
March 1959	..	..	..	..	..	(—)	8,588	M.T.
March 1960	..	..	..	..	..	(—)	33,106	M.T.
March 1961	..	..	..	..	..	(—)	28,281	M.T.
October 1961	..	..	..	..	..	(—)	27,897	M.T.
31st March 1962 (November to March)	..	..	..	..	..	(+)	2,620	M.T..
31st March 1963	..	..	..	..	..	(+)	18,689	M.T.
March, 1964	..	..	..	..	..	(+)	15,324	M.T.
March, 1965	..	..	..	..	..	(+)	25,041	M.T.

It will be seen from the above that the shortage did not occur for the first time in 1961. In fact, at practically every stock verification prior to March, 1962, the F.C.I. always had shortage in gypsum.

The average purity of gypsum for each year from 1955-56 to 1962-63 and ratio of gypsum consumed per tonne of ammonium sulphate on the back

calculation method and the ratio as should have been after taking into account the results of stock verification are tabulated below :

Year	Average purity of gypsum.	Ratio by back calculation method.	Ratio by taking into account stock verification results.
1957-58 ..	81.09	1.594	1.70
1958-59 ..	80.78	1.696	1.72
1959-60 ..	83.11	1.645	1.73
1960-61 ..	81.47	1.728	1.82
1961-62 ..	80.19	1.770	1.88
1962-63 .. ..	76.94	1.894	1.82

From the above, it will be seen that the book figure of gypsum arrived at on the basis of the back calculation method would be much more than the actual stock because the ratio of gypsum consumed per tonne of sulphate was being shown very low. The ratio obtained after taking into account the stock verification results is more realistic and representative of what actually happened.

Gypsum is not an item which can be stolen for any purpose or otherwise misappropriated and as such, the shortages are not due to pilferage or neglect. The fact that the ratio of gypsum per tonne of sulphate after taking into account the stock verification results was more realistic in relation to the actual purity of gypsum would show that the shortages were mainly due to the method of calculating the consumption of gypsum.

The reasons for adopting transit losses of gypsum at 4% of the R/R weight are explained below:

The Estimate Committee in their 13th Report recommended as follows:

“The Committee recommend fixation of norms for wastage of materials in the factory based on the experience gained so far and on the experience of foreign firms in this line”.

In view of the shortcomings as mentioned earlier, the Superintendent of production after assessment of the whole position on the basis of experience gained since inception of the factory found in September 1956 that the shortage in transit excluding wastage came approximately to 3.872% of the turnover.

The then Managing Director, on the basis of the recommendations of the Superintendent of Production, decided that the adjustment towards normal wastages may be carried out at the rate of 4% from a month to month basis. It would appear that the directive of the Estimate Committee was implemented by the then Management of S.F.C.L.

The practice of writing off 4% as transit losses was discontinued because a weighbridge for recording the weight of gypsum received at the factory was installed in the month of January, 1962. It may also be mentioned that the question of installation of a weighbridge had been taken up which earlier with the railway authorities.

The state of affairs in October, 1961 revealed managerial failure at Sindri. The "failure" was, however, not so much that the bookstock of 28,000 tonnes of gypsum did not in fact exist; it was that the physical stock had been allowed to be depleted dangerously with the result that production of ammonium sulphate came temporarily to a standstill.

In the circumstances explained above, the question of conducting an enquiry and fixing responsibility at this stage does not appear to arise.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65, dated 18-1-1966].

#### **Recommendation (Serial No. 10)**

The Committee were informed that gypsum received at Sindri was not tested for quality in order to ensure that payment was made according to the material received. Payments were stated to be made on the basis of tests done at the mines. In this connection, the Committee understand that coal consuming industries in the private sector carry out chemical tests in the mines as well as sample checks at the receiving end and make payment according to the results obtained. The Committee recommended that the Corporation should adopt a similar procedure. (Para 42)

#### **Reply of the Government**

Sindri has two sources of supply of gypsum, (1) from departmental Mines, and (2) from Messrs. Bikaner Gypsums Limited. In the former case, the question of payment by analysis does not arise. In the case of M/s. Bikaner Gypsums Limited, the agreement provides for joint sampling of gypsum. Elaborate machinery for sampling gypsum before despatch at the mines has been set up and sampling is carried out by the I.S.I. Method. The payments are made according to the results of analysis of samples jointly taken. Even if it were possible to persuade the contractors to have joint sampling at the receiving end, it would be far too expensive to arrange for sorting out the wagons from M/s. Bikaner Gypsums Limited, for the purpose of sampling. It is, therefore, considered that the present practice of sampling at the mines is quite satisfactory. It may be mentioned that sample checks at the receiving end cannot be relied upon in case of a heterogeneous material like gypsum.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20) 65, dated 18-1-1966].

#### **Recommendation (Serial No. 11)**

Till recently the consumption of gypsum at Sindri was estimated on the basis of theoretical requirements and the weighing machines had been bypassed for the last 5 years since gypsum which was in powdered form did not easily flow through bunkers and weighing machines. It has since been planned to weigh the material before it is processed. It is regrettable that this normal method of issuing materials for purposes of production was not introduced till 1962, i.e. 11 years after commencement of production. (Paras 41—43)

#### **Reply of the Government**

In the original design of the Sulphate Plant, automatic weighing machine had been installed at the feed end of each Grinding Mill. The weighing

machines, which are integrating type, measure not only the rate of feed but also the total quantity of gypsum fed to the Grinding Mills. According to the specifications, these machines are meant to handle gypsum lumps up to size of 1" with 10—20% fines. This size range would have been available with Pakistan gypsum which was to be crushed into 1" lumps. The factory, however, had to start on Rajasthan gypsum which, in early days, was crystalline in nature though not quite like the gypsum available from Pakistan. After crushing, the Rajasthan gypsum gives rise to a much larger percentage of fines than the reck gypsum. However, it was possible for crushed crystalline gypsum to flow through the weighing machines and it was possible to measure the rate of flow as well as the quantity fed. The accuracy of weighing machines was, however, not so high due to preponderance of fines.

Subsequently, when the quality of Rajasthan gypsum started deteriorating, and instead of crystalline gypsum, powdery material started coming in, it was found that it was impossible for the crushed gypsum to flow through the weighing machines. A lot of operational difficulties were felt due to the material choking the weighers and it was also found that the weighing machines were not registering correct weights. Attempts to modify the weighers to suit the type of raw materials available were not successful. Finally, it was decided in 1958, to by-pass these weighers and calculate the gypsum consumption on the basis of purity and the Sulphate production. Action was initiated to procure a reliable belt weigher to be installed at the discharge end of gypsum crusher so as to measure the total amount of gypsum being fed into the grinding section. The weigher was installed in the year 1962. Since then, gypsum consumption is being computed on the basis of belt weigher weighments. This, however, still leaves the problem of controlling the rate of feed of gypsum to the Reaction Section. For controlling this rate an additional Belt Weigher on the belt leading from the Grinding Section to the Reaction Section is being proposed.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65, dated 18-1-1966].

### **Recommendation (Serial No. 12)**

Under a contract entered into by the Sindri Unit in 1952, the Corporation is committed to supply chalk sludge to the Associated Cement Company upto 1975. This agreement does not provide for revision of prices in relation to the cost of gypsum. The Committee realise that since the Sindri Unit was not allowed to put up a cement plant, a long-term contract had to be entered into to enthrone a private party to put up a cement factory. But, as stated by the Managing Director, a long-term agreement should have stipulated revision of prices to relate them to the increase in the cost of gypsum from time to time. (Para 44)

### **Reply of the Government**

When the question of disposal of chalk sludge for the manufacture of cement came up, the process know-how for this plant was not available anywhere. M/s. A.C.C. had to conduct large-scale plant trials and other investigations before they agreed to put up a plant based on the use of chalk sludge. The price for chalk sludge offered by M/s. A.C.C. was considered quite attractive at the time and M/s. A.C.C.'s offer was, therefore, accepted for a period of 20 years. It is agreed that long term contracts

should normally make a provision for revision of price but in the present case, where the price offered was quite attractive and the pioneering effort involved a certain element of risk on the part of M/s. A.C.C., the provision of an escalation clause could not be insisted on. The price, was, of course, approved by Government.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65, dated 18-1-1966].

#### **Recommendation (Serial No. 13)**

The equipment purchase at a cost of Rs. 11.42 lakhs would be able to recover only 7,500 tonnes of sulphate per annura from Chalk at Sindri out of a loss of approximately 30,000 tons per annum. The Committee feel that the feasibility of recovering more sulphate needs to be examined.

(Para 47)

#### **Reply of Government**

The losses of ammonium sulphate have been rather heavy due to the use of poor quality gypsum. Out of 30,000 tonnes per annum, which is reported to be the loss, the losses in the chalk sludge are of the order of 15,000 tonnes per annum. The balance of the losses, which occur in other sections, have now been brought down considerably. The Recovery Plant, which is now being installed, will recover ammonium sulphate which is being lost in the chalk sludge. It should, however, be realised that full recovery of this "Loss" is technically an impossible proposition and the gypsum process for manufacture of ammonium sulphate inevitably entails some of the ammonium sulphate going out with the chalk sludge. The maximum quantum of ammonium sulphate, which is recoverable at Sindri, is of the order of 10,000 tonnes per annum. The proposed scheme calls for recovery of 7,500 tonnes of ammonium sulphate to start with. It is possible that, after the operation of the scheme is stabilised, it may be possible to recover slightly more than 7,500 tonnes per annum of ammonium sulphate from the chalk sludge.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65, dated 18-1-1966].

#### **Recommendation (Serial No. 14)**

It would be seen that besides deterioration in the quality of gypsum and presence of clay in it, which has affected its filterability, the arrangements for its procurement, testing of quality despatch, receipt, storage and accounting leave much room for improvement. Even the contract with the suppliers which expired in 1960 has not been renewed as yet. Since gypsum accounts for as much as 40% of the cost of production, its importance in the economies of the Sindri factory cannot be minimised. One would have expected the management to make suitable arrangements in this regard from the very beginning and to investigate the reasons whenever they found any variations in the cost of production due to increased consumption of gypsum, deterioration in its quality, excessive loss in storage, or variation in the quantity despatched and received at Sindri. The Committee find that this has never been done despite the fact that gypsum has been a serious problem with the Unit for quite sometime. They consider that even now a comprehensive review of the arrangements regarding the supply of gypsum

might be quite rewarding, since gypsum is likely to be used for a few more years at Sindri. The Committee suggest that the Corporation should undertake such a review as early as possible. (Para 48)

### Reply of Government

Since the source of supply of high purity gypsum from Pakistan on the basis of which the factory was originally planned was cut off due to the partition of the country, the F.C.I. became dependent almost entirely on supply sources in the State of Rajasthan from the very beginning. As M/s. Bikaner Gypsums Limited, the only supplier in the area, was unable to meet the entire requirements the F.C.I. resorted to departmental mining in suitable areas by taking leases from the Government of Rajasthan. While during the initial years of commissioning of the factory, it was able to get gypsum, the deposits were getting rapidly exhausted. The quantity that could be made available by M/s. B. G. L. was also gradually decreasing and the F.C.I. had no other alternative but to consume more gypsum from its own mines even though the presence of clay in it affected filterability. The procurement aspect of the question has always received constant attention of the Management and in order to counteract the adverse effects of fall in purity of gypsum available in Rajasthan, arrangements were made to import a sizeable quantity of high purity gypsum from Pakistan. The present level of procurement of gypsum from Pakistan is about one lakh tonnes a year. It may be mentioned that in order to enable M/s. B.G.L. to exploit an area with high quality gypsum lying beneath the Railway lines at Jamsar, arrangements were made with the Railway authorities for shifting the Railway lines to a distance. It is hoped that this will enable the F.C.I. to have approximately 3 lakhs tonnes of comparatively better quality gypsum per year for a period of 3 years. Excavation from the area has already started and it is expected that the percentage of purity of gypsum supplied by M/s. B.G.L. will partially improve now.

As regards testing of quality, comments in reply to recommendation No. 11 (para 42) may be seen. In regard to despatch and receipt of gypsum, the correct position has been explained in reply to recommendation No. 8 (paragraphs 36-39). With the installation of a weigh-bridge in the factory for ascertaining the actual quantity of gypsum received, it is now possible for the F.C.I. to find out the exact quantity of losses in transit. Such losses are being constantly reviewed and remedial measures taken wherever necessary.

The variation in the cost of production due to increased consumption of gypsum is regularly investigated most carefully. In fact the remedial measures earlier indicated have been taken as a result of such investigations and analysis. As regards loss in storage, it may be mentioned that so far as gypsum is concerned, the possibility of any losses in storage is negligible. The losses revealed in stock verification at the end of the year are primarily due to difficulties in measurement of actual consumption.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65  
dated 18-1-1966]

### Recommendation (Serial No. 15)

(i) The value of inventory at the Sindri Unit has been rising from year to year. The closing stock of raw materials on 31st March, 1964 represented about 2 or 3 months' consumption but in the case of stores and spares it was

much in excess of requirements and worked out to about 16 and 62 months' consumption respectively. The Committee regret to observe that despite positive recommendations by the Tariff Commission and the Estimates Committee in 1959 and 1961 respectively, no concrete steps appear to have been taken to reduce the excessive stocks of spares and stores at Sindri. Additional purchase continued to be made and the situation was rather allowed to worsen. The explanation offered during evidence that excessive orders by the then Chief Engineer were placed as a measure of "abundant precaution" is also not convincing. It was expected of the Chief Finance and Accounts Officer, the Resident Director, the Board and the Government that they would exercise normal scrutiny of the proposals of the Chief Engineer for the purchase of spares and stores bearing in mind the past consumption, future requirements and procurement time involved. This was not done. The team of officers to go into the matter was appointed by the Board only in 1963 when the situation had already gone out of control. The facts revealed by the team are also disconcerting in that provisioning levels had not been fixed. Above all, the list of the spares available in the stores had not been circulated to the plant authorities.

(ii) The Committee are also not sure whether it would be possible to utilise surplus spares etc., in the new projects since the plant and other equipment in all the Units are not identical. It is obvious that excessive inventories result in blocking of capital and interest payments thereon affect the cost of production. They also involve expenditure of foreign exchange as these spares are imported. There is also the danger of deterioration, wastage and pilferage during storage. The Committee urge that effective steps should at least now be taken to reduce the inventories both at Sindri and Nangal to the extent possible. One way of doing so would be to intimate to the D.G.S. & D. about the stores and surplus to the requirements of the Corporation so that they could be utilised by other fertiliser plants in the country.

(Paras 50—56)

### Reply of Government

The surplus stocks are essentially in the category of spare parts for plants, as pointed out in para 49. Consumption of spare parts had increased from Rs. 70 lakhs in 1961-62 to Rs. 80 lakhs in 1962-63. It was expected that from 1961-62 considerable amount of replacements would become necessary in maintaining the plants. In ordering spares, sufficient provision had to be made for spares required as insurance against unforeseen breakdowns.

Ordering of spares is a matter of judgment and for this reliance had to be placed entirely on the experience of the concerned Chief Engineer and his officers. The primary factors that govern such judgment are (a) the extent of major items of spares to be replaced, (b) the schedule for replacements and quantum of ordering. In regard to (a), in the case of the old plants, previous consumptions provided some guide. In the case of new plants, which had just been commissioned for service, personal experience and equation played a large part.

In regard to (b)—the schedule and quantum of orders was dictated by the manner in which foreign exchange was made available. Even in March, 1958, Ministry of Commerce and Industry wanted the F.C.I. to explore the possibility of obtaining deferred payment for Rs. 55 lakhs. As terms quoted by M/s. Ansaldo were high, that Ministry agreed to release free foreign exchange, subject to scrutiny by committee of technical officers. This was done

and a Committee of three technical officers screened the demands from the indigenous angle and need. The confidence that the F.C.I. could order its requirements as and when required was shaken with the progressive drying up of foreign exchange availability. The lead time was about two years and with uncertain availability of foreign exchange in the future, it was expected to be more. The ordering was, therefore, projected to requirements to three years ahead and, in addition to fast moving spares, insurance spares were also included.

The effect of these orders has boosted the inventories in the subsequent years. Excess ordering took place not only due to lack of experience in the operation and maintenance of these plants, but also due to the uncertainties in foreign exchange availability.

The procedure adopted enjoined close scrutiny of every item or group of items valued at over Rs. 25,000/- by the Superintendent concerned. On his certification, the demands were approved by the C.F. & A.O. and the Head of the Unit. No ordering, therefore, took place in the past as a routine measure.

Certain amount of excessive ordering had occurred in the past years, but this high inventory in Sindri has now become a saving factor. With the availability of foreign exchange almost completely drying up (Complete embargo on foreign exchange utilisation placed for May and June, 1965), the stocks have helped the F.C.I. considerably now. In the last two half years (*i.e.* April-September, 1964 and October, 1964-March, 1965), foreign exchange made available to the F.C.I. was only to the extent of Rs. 10.73 lakhs and Rs. 6.19 lakhs respectively, for maintenance and replacement against actual consumption of Rs. 80 lakhs in 1963-64 and Rs. 75 lakhs in 1964-65 for spare parts only.

The Committee appointed to assess the surplus amount of stores and spares that can be made available for disposal went through all the lists of spares, consulted the plant managers, concerned, looked through old records of consumptions and came to the conclusion that only about Rs. 83 lakhs worth of stores and spares could be considered surplus to requirements. All the lists of available stores and spares were circulated to Plant Sections and their views were obtained.

The utilisation of spares and their disposal dealt with in paragraph 57 of the report has to be looked at from the practical angle. Out of the available stocks, about 80% are spares for specialised equipment and their disposal by sale would result in considerable loss. Even the Plant manufacturers who were approached did not show interest in taking them back or suggesting avenues of sale. On the contrary, maintaining them for use in due course would give the F.C.I. the benefit of the low rates at which they were purchased years ago. In the present situation (when embargo has been placed for ordering any item involving free foreign exchange for the next few months), the availability of spares assemblies and spare parts is standing the F.C.I. in good stead. There should be no fear of the spares becoming obsolescent so long as the equipment items for which they are to be used are in operation in the Sindri Plant. There would also be very little deterioration of these spares in storage.

The effective step taken to reduce the inventory at Sindri is to bring in a scientific outlook in the provisioning method and to limit ordering on a

rational basis. It would not be possible to reduce straightway the orders to a low level, as all the requirements cannot be met from surplus stocks. Modern techniques, such as ABC analysis to determine the areas where controls should be applied, selective inventory control and equipment in stores have been brought into effect. Consequent on the application of these techniques, the orders for the last two years have dropped from Rs. 240 lakhs in 1959-60 on the eve of formation of the Corporation to Rs. 111 lakhs in 1963-64 and Rs. 119 lakhs in 1964-65. Already, the effect on the inventory has been felt in 1964-65 by a drop of Rs. 33 lakhs.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

### Recommendation (Serial No. 17)

In 1960-61 and 1961-62, over 36,000 tonnes of coal meant for coke ovens at Sindri had to be diverted to Power House because it had weathered and was found unsuitable. The additional cost due to difference in the cost of coal for Power House and coking coal was stated to be Rs. 52,000 in respect of the above quantity. The Committee urge that due vigilance should be exercised to ensure proper and purposeful utilisation of stores and raw materials. They trust that energetic efforts would be made to find a market for the accumulated breeze also. (Paras 59—60)

### Reply of Government

The weathered coal had to be transferred to the Power Plant under certain extraordinary circumstances which are explained below.

When the electrification of the some sections of the Eastern Railway was taken up by the Railways, the F.C.I. was advised to build up a good reserve of high volatile coals from the Raniganj field as the Railways anticipated interruption in the coal movement. In accordance with this advice, a reserve of these coals was built up. Unfortunately, it was found that the Raniganj coals, which used to give fairly satisfactory results in early days, had deteriorated in quality and their ash fusion characteristics were rather poor. Since Sindri was already facing recurring operational troubles in the Gas Plant due to clinkering of coke in the generators, the consumption of these coals had to be reduced. The cumulative effect of maintaining high stock of coals and the reduction in consumption resulted in weathering of the coals in the yard. These coals were, therefore, transferred to the Power Plant for steam generation.

With respect to the other coals which had to be transferred to the Power Plant from time to time, it may be pointed out that Sindri was compelled to try out various alternate sources of coal from the year 1957-58 onwards since the availability of the right type of coals became uncertain. As these trials had to be carried out on plant scale, it was necessary to procure these coals in large quantities. Whenever trials indicated any coals being unsuitable for the Coke Oven Plant, the same had to be diverted to the Power Plant. It is clear, therefore, that if the Sindri Factory had been assured of steady supplies of right type of coals for the Coke Oven Plant, therefore would have been no occasion to allow the coals to weather and to transfer the same to the Power House.

Regarding breeze, attempts made to find market for accumulated breeze in the past have not been quite successful. Further avenues of use for accumulated breeze are now being investigated.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

### Recommendation (Serial No. 20)

(i) It is unfortunate that the Sindri Unit which is one of the first major ventures in the public sector, has been facing heavy weather since 1959, and due to various reasons it has not been possible to work the plant to full capacity. Its rehabilitation is now estimated to cost Rs. 15.11 crores. Its chief problems are : (i) low production, (ii) inadequate supply of right type of raw materials, (iii) poor maintenance of plant and equipment, (iv) excessive inventory and above all (v) over-manning (paras 233-41) and unhappy labour management relations. Even so, no positive steps appear to have been taken so far to rehabilitate the Unit and if a scheme is now approved and actively implemented, the results are not likely to be achieved before 1970. Even at this stage, there is vacillation on the part of the Board and the Government. Such a serious situation should normally call for immediate remedial measures. But here the situation has been allowed to take its own course. The Committee feel that between the construction of new Projects and the rehabilitation of the Sindri Unit, the latter should have been given higher priority by the management of the Corporation.

(ii) The Committee find that the second scheme envisages the production of phosphatic fertilizers at Sindri and utilisation of by-product gypsum at Sindri itself. It is, however, not clear how the by-product gypsum thrown up by Durgapur fertilizer plant will be used. The Committee feel that its utilisation may also pose a problem later on. They hope that the utilisation of that by-product would also be planned in time.

(iii) From the varying proposals made by the Managing Director, during evidence and in writing later on, it is evident that no systematic study has been made to prepare a co-ordinated plan to rehabilitate the Sindri Unit. The latest proposals call for radical changes in the production pattern of the Sindri Unit and will entail heavy investment. The Committee, therefore, recommend that Government should immediately set up an expert Committee to thoroughly examine the various alternative proposals made in this behalf and suggest a suitable scheme after considering technical, financial and other aspects. High priority should be given to this scheme so that the Sindri Unit is improved as early as possible. (Paras 71—73)

### Reply of Government

Though technically Sindri's capacity, in terms of nitrogen, has been indicated as 117,000 tonnes per annum, its actual production has seldom exceeded 90,000 tonnes. Enquiries made through Expert Committee have indicated that the annual production can be increased to 110,000 tonnes only if certain improvements are made and additional plant and equipment installed as under :—

#### (1) *Erection of another Lean Gas Plant :*

This scheme involves the erection of another Lean Gas Plant which will increase production by 10,000 tonnes, in terms of nitrogen per annum. The scheme will be completed by August, 1966.

**(2) Installation of Naptha Gasification Plant :**

The scheme involves the installation of 60 tonnes/day Naptha Gasification Unit at Sindri to supplement the available process gas which will increase the production by another 10,000 tonnes of nitrogen per annum. This scheme is likely to be completed within 18 months from the date of placement of order. Tenders have been invited for the plant and equipment and the closing date for the receipt of tenders is 20th February, 1966.

Efforts have been and are being made to solve the problems of excessive inventory and over-manning. Improvements in regard to the excessive inventory have been made and the strength of the personnel has also been brought down from nearly 10,000 to below 3,000.

As regards the production of phosphatic fertilizers at Sindri and utilisation of by-product gypsum in Sindri itself, some proposals have been formulated. These will take some time to materialise as they depend on the production of sulphuric acid in adequate quantities from Amjhor pyrites. The programmes in this regard will have to keep pace with the mining programme of Pyrites and Chemicals Dev. Co.

In view of the decisions taken and different remedial measures already initiated, Government do not consider it necessary at this stage to appoint a Committee.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 22)**

The delays and difficulties experienced in the Nangal Project which effected the timely completion of the plant are similar to those experienced by the other projects. With better planning, they could have been avoided. The Corporation should draw lessons from their experience at Sindri and Nangal and ensure their avoidance in future. (Para 80)

**Reply of Government**

The delay in the Nangal Project was due to the close tie-up of the fertilizer plant with the Heavy Water Plant. The latter is a highly complex one. It was the first plant of its size on the hydrogen distillation process to be built in the world. Preliminary project reports had to be called for from certain selected specialist firms only because of the Heavy Water Plant from which the fertilizer plant could not be divorced. Had the fertilizer plant stood by itself with no intimate connection with the heavy water plant, a whole year, which was spent on inviting preliminary project reports and studying them with a view to appoint a firm of Technical Consultants, would have been saved. The circumstances thus were such that even in respect of the fertilizer plant tenders could not be invited before nearly the end of 1956 and in one case (the Rectifier Plant) before April, 1957.

2. Another difficulty which cropped up, after the engagement of Technical Consultants and on the eve of inviting tenders for both the fertilizer plants and the heavy water plant, was scarcity of foreign exchange resources on account of which it was decided to ask for both cash quotations as well as quotations on the basis of deferred payment terms.

3. A further difficulty which appeared at a later stage was the certainty that availability of Bhakra power would be delayed. All contractors took advantage of this fact in the sure knowledge that they would not be liable to damages or any penalty of any sort for any delay on their part.

4. If due account is taken of the facts mentioned above, the period of construction was no more than 3½ years from the date of award of a firm contract for the fertilizer plant. In the particular circumstances of the case, this cannot be considered as a bad achievement and is probably a better record than any achieved so far in any fertilizer plant in India.

5. If the difficulties inherent in the Nangal Project, particularly because of its tie-up with a highly intricate Heavy Water Plant, are absent in the case of a new fertilizer project, then with the experience which the Fertilizer Corporation has now acquired and the lessons it has learnt from its past errors, it would be definitely in a position to get a large sized fertilizer factory up in roughly 3 years from the date the project is approved and, funds are allocated to meet its cost, particularly the foreign exchange component of it.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65  
dated 18-1-1966]

#### **Recommendation (Serial No. 23)**

The Committee do not understand why the preparation of a design for a storage silo at Nangal which was after all later made by the engineers of the Corporation themselves should have been earlier entrusted to foreign consulting engineers. This resulted in delay. The Committee trust that consultation with foreign engineers would be resorted to only when it is unavoidable. (Para 83)

#### **Reply of Government**

The design of all civil works including the storage silo was the responsibility of M/s. St. Gobain, who were the contractors for the Fertilizer Group, of Plants. In the course of discussions regarding the scope design on silo, as proposed by M/s. St. Gobain, it transpired that the Building Projects Team of the Committee on Plan Projects had certain ideas about effecting economies in the cost of silo by adopting the use of pre-stressed and/or pre-cast units for its construction. The matter was brought up for consideration of the Board of Directors. The Board took the view that, while whatever suggestion the Building Projects Team wishes to make for cheapening the cost of the structure must be fully explored, no design should be adopted which would lead to M/s. St. Gobain's disclaiming their over-all responsibility for the structural soundness of the storage silo alongwith other buildings in the Fertilizer Group of Plants.

In accordance with this view, tenders were invited for the storage silo both on the basis of design furnished by M/s Saint Gobain as well as on the basis of such competitive designs as individual tenderers might submit so as to conform, however, to the minimum specification laid down in the tender notice. Simultaneously, the suggestion of the Building Projects Team were passed on to all tenderers for consideration.

In response to this invitation, M/s. J. C. Gammons quoted for a silo of their own design conforming generally to the Building Projects Team's suggestions. M/s. Gammons' quotation not only envisaged some saving in steel

requirement but was also the lowest. The lowest quotation for storage silo to M/s. St. Gobain's design was very high and having regard to the considerable difference between the two quotations, detailed discussions were held with M/s. St. Gobain's representatives and those of M/s. Gammons. During these discussions, M/s. Gammons offered to have their designs checked in France at their own cost. M/s. Gammons further agreed to guarantee the structure for a period of 10 years from the date of its completion, particularly in the matter of its suitability under earthquake conditions, air tightness and water tightness. This offer was accepted and ultimately, the contract for the silo was awarded to M/s. J. C. Gammons (India) Private Ltd. It is true that there was some delay in construction of silo as a result of detailed discussions held with the representatives of M/s. Gammons and St. Gobain, but this was unavoidable and there was no loss of production due to late construction of silo.

Consultation with foreign engineers is resorted to only when it is unavoidable.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

#### **Recommendation (Serial No. 24)**

(i) The final estimates of Rs. 31.20 crores for the Nangal Project are about 50% higher than the estimates prepared by the Fertilizer Production Committee in 1955. The Committee feel that detailed estimates should have been prepared by the Corporation immediately on receipt of project report from the consultants in 1956 and Government approval obtained thereto. That was not done. Instead, first revision in the estimates was thought of only in 1958. These estimates were also incomplete and were exceeded later on by about 15%. It is not known why Government was lax in this important matters and did not insist on detailed estimates being prepared particularly when the estimates of the Fertilizer Production Committee were known to be incomplete. The result has been that although the project was fully commissioned about 3 years ago, the final estimates have not yet been cleared by Government so far.

(ii) Frequent revision in the estimates are not conducive to efficient working of a project. They affect the cost of production and vitiate the basic assumptions on which the project is based. The detailed estimates of projects should be prepared in a realistic way and efforts made to adhere to them. (Paras 86—87)

#### **Reply of the Government**

Government have since sanctioned the final estimates of Nangal Project. The circumstances under which the Project estimates for Nangal Project were revised thrice are summarized below :

- (1) The Fertilizer Production Committee's estimate was for a plant with an annual production capacity of 70,000 tonnes of  $N_2$  and 7½ tonnes of Heavy Water. The capacity of the plants, was, however, subsequently changed and the present plants have a capacity of 80,000 tonnes of  $N_2$  and 14.11 tonnes of Heavy Water.

- (2) The Fertilizer Production Committee's estimate did not visualise fixed engineering fees and field costs of a firm of consulting Engineers, project report fees etc.
- (3) The Fertilizer Production Committee's estimate for Civil Works was only tentative and was not based on detailed drawings. Even the actual location of factory was not known at that time.
- (4) Extra capital expenditure due to change over from clay to limestone as diluent for Ammonium Nitrate.
- (5) Increase in customs duty.
- (6) Increase in Ocean Freight, Inland Transport cost etc.
- (7) Payment of Bank Guarantee Charges.
- (8) Fertilizer Production Committee did not make any provision for departmental charges.
- (9) Nor did the Committee allow for financing charges which alone accounted for over Rs. 2½ crores consequent on the decision to procure all plant and equipment from abroad on deferred payment terms.

The recommendation in para 87 is noted. The present practice is to ensure as far as possible that detailed project estimates are prepared and approved before execution is undertaken.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65 dated 18-1-1966]

### **Recommendation (Serial No. 27)**

The Committee were informed that under normal operating conditions the Nangal Unit could manufacture 12.5 tonnes of heavy water in a year as against the rated capacity of 14.11 tonnes. This was partly due to the fact that maintenance in respect of heavy water plant could not be fully synchronised with the maintenance of other plants and partly due to low concentration of H.D. in feed hydrogen which in turn was caused by frequent shut-downs of electrolyzers. The Committee trust that energetic steps would be taken to reach the rated capacity as early as possible. (Para 99).

### **Reply of the Government**

The main reason for rating the capacity of heavy water plant at 12.5 tonnes, per year, is that the operations in the Heavy Water Plant and the Fertilizer Plant are intimately connected and if emphasis is placed on production of fertilizers, the availability of equipment in Heavy Water Plant becomes limited which reduces its capacity to 12.5 tonnes per year. On the other hand, if emphasis is laid on production of heavy water, it would be possible to attain the desired capacity of 14.11 tonnes per year; but then, the quantum of fertilizer production will be adversely affected. This is a situation which has nothing to do with adequacy of maintenance and which no amount of "energetic steps" can correct. The Atomic Energy Department has accordingly accepted this revised rating and the sale price has also been fixed on the same basis.

As far as reduced concentration of HD in the Feed Hydrogen is concerned, this is a temporary feature and the problem will be got over after the leakages in the electrolyzers are brought under control.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65  
dated 18-1-1966]

#### **Recommendation (Serial No. 28)**

It took the Corporation over two years to decide the sale price of heavy water to the Atomic Energy Department. This is somewhat surprising when the producer and the consumer are both wings of the Central Government. The Committee feel that in cases where prices are not agreed to in advance between the parties and differences persist, the feasibility of the Tariff Commission examining the cost of production and allowing reasonable margin of profit to the producing unit may be considered by Government. (Para 102)

#### **Reply of the Government**

The heavy water plant at Nangal started producing heavy water with effect from 9-8-1962. The sale price of heavy water was worked out by FCI Ltd., at Rs. 475.08 per kilogram and the same was communicated to the A.E.E.T. for acceptance towards the end of February, 1963. The A.E.E.T. did not accept this price and suggested a price between Rs. 252.73 and Rs. 285.27 per kilogram. Ultimately, a compromise was reached in December, 1964 and a mutually agreed price of Rs. 358 per Kg. was settled, effective from 9-8-1962.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65  
dated 18-1-1966]

#### **Recommendation (Serial No. 29)**

The need for avoiding accumulation of fertilisers cannot be over emphasised. It results in locking up of capital, deterioration in storage, and can even lead to stoppage of production. The Committee, therefore, urge that suitable measures should be taken in coordination with the Agricultural Extension Service of the Ministry of Agriculture to popularise fertilisers in areas where new plants are being put up, so as to ensure prompt off-take of fertilisers and avoid their transportation to far off places. (Para 105)

#### **Reply of the Government**

The Ministry of Food & Agriculture, who are concerned with the distribution of fertilizers, are taking steps for popularisation of fertilisers before they are produced in the country. Except in the initial year or two, there has been no accumulation of fertilizer at Nangal. The demand for Calcium Ammonium Nitrate is very heavy and exceeds production. In Rourkela, some difficulties were experienced, in regard to supply of railway wagons and loading arrangements. Suitable measures are being taken by the Chief Director of Movements, Department of Food for quick clearance of fertilisers from the producing factories.

The new plants that will come into production shortly are :—

Location of factory	Products	Capacity in tonnes.	Likely date of completion.
1. Trombay	(a) Nitrophosphate (b) Urea.	3.33 lakh } 0.99 lakh }	end of 1965.
2. Neyveli	Urea	1.54 lakh	October, 1965
3. Visakhapatnam (Coromandel)	(a) Ammonium Phosphate (b) Urea	3.6 lakh } 16,500 }	Early 1967
4. Gujara (Baroda)	(a) Ammonium Phosphate. (b) Urea	2.6 lakh } 1.0 lakh }	March, 1967
5. Namrup	(a) Urea (b) Ammonium Sulphate	.55 lakh } 1.00 lakh }	October, 1967
6. Gorakhpur	Urea	1.79 lakh	December, 1967.
7. FACT, Alwaye (Expansion)	(a) Ammonium Phosphate (b) Ammonium Chloride (c) Ammonium Sulphate	1.00 lakh } 0.17 lakh } 1.00 lakh }	1965.

The new products are Ammonium Phosphate and Nitrophosphate. The Ministry of Food & Agriculture imported about 45,000 tonnes of ammonium phosphate in 1963-64 and about 42,000 tonnes in 1964-65. The current year's import will be about 70,000 tonnes. Most of this quantity is going for distribution under the Seeding Programme of Coromandel factory at Visakhapatnam.

Nitrophosphate has been imported at about 20,000 tonnes each in 1962-63, 1963-64 and about 30,000 tonnes in 1964-65. This fertiliser is not being imported during 1965-66 as Trombay factory is expected to start production during 1965.

The ammonium chloride will also be produced as a bye product in Soda Ash Plants. The Ministry of Food & Agriculture are accordingly importing about 10,000 tonnes of ammonium chloride this year to popularise its use.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65 dated 18-1-1966]

### Recommendation (Serial No. 32)

It is evident that the decision to set up a fertilizer plant at Korba by the Fertilizer Corporation of India was not preceded by a thorough study of its technical, financial and other aspects. The difficulties which have delayed the clearance of the project by Government are not unforeseeable and could well have been anticipated particularly when the United Nations Mission had expressed a doubt in the matter. The result has been that the Third Five Year Plan targets of fertilizer production would not be achieved, necessitating large imports. What is more, a part of land for the project

has been acquired. 244 persons already employed there are idle and an expenditure of Rs. 30 lakhs would be rendered infructuous if ultimately a decision is taken not to proceed with the project. The Committee trust that Government would at least now carefully examine the economies of the proposed Korba plant expeditiously and take a final decision without further delay. (Para 118)

### **Reply of the Government**

The decision to build a coal-based fertilized plant in Madhya Pradesh was preceded by a techno-economic study by a Committee headed by Dr. Kane which recommended the setting up of a plant.

2. Government of India have carefully considered the proposal to set up a coal-based fertilizer factory at Korba in consultation with the Planning Commission and it has been decided in July, 1965, to defer the proposal for the present, for the following reasons :—

Firstly, in view of the development of new naphtha technology in the last few years, it is not considered advisable to burden the economy with a unit based on out-dated technology with a significantly higher cost of production, and secondly, the prospects of securing foreign exchange for this project from aid giving institutions are not very bright.

3. However, the question of setting up a factory in Madhya Pradesh can be considered at a later stage when it becomes necessary to expand the fertilizer capacity beyond 2.2 million tonnes, the target presently fixed for the 4th Year Plan and to search for suitable sites and foodstock for the purpose.

4. It is true that land has been acquired and expenditure incurred on levelling, water supply arrangements and some housing at Korba site. The possibility of using this site for some other public sector project is being actively investigated.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65 dated 18-1-1966]

### **Recommendation (Serial No. 35)**

The Committee feel that Government should not give approval to go ahead with a project, until its detailed project report has been prepared. (Para 122)

### **Reply of the Government**

Preparation of a Detailed Project Report entails on-the-spot investigations, involving considerable investment and time. Unless a project is sanctioned in principle and the site selected, it would be difficult to make proper investigations and to compile a detailed project report. Techno-economic feasibility study should ordinarily suffice for approving of a project in principle, but before its actual implementation is taken up, a detailed project report should be prepared and approved.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 38)**

The Committee note that no uniform policy is being followed by the Corporation in meeting the cost of land required for its Projects. As the cost of land accounts for 3 to 7 per cent of the total capital cost of a fertilizer project, the Committee are of the view that the Corporation should try to obtain as much assistance from the State Governments concerned as possible. (Paras 129)

**Reply of the Government**

The recommendation is noted. In the past Fertilizer Corporation had approached the concerned State Governments for the allocation of lands required for projects free of cost or at concessional rates. In some cases their efforts have met with success, for example, in the case of Durgapur and Gorakhpur projects.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 39)**

It would appear that the acquisition and utilisation of land in the earlier projects has been on a lavish scale. The importance of careful assessment of requirements of land and planning layout of factories and townships needs no special emphasis. Proper planning and laying down standards for land utilisation would lead to economy in land. The economy in land would in turn lead to lower maintenance cost and consequently reduced operational cost of the plant. The Committee recommend that the Corporation should exercise utmost economy in assessing land requirements and its utilisation for the fertilizer units in future. They further suggest that suitable norms should be laid down by the Corporation regarding utilisation of land for the future factories and townships. (Para 132)

**Reply of the Government**

Due care is now being exercised to limit the requirement of land in the new projects planned by the Corporation. It may, however, not be possible to lay down standard norms since the land requirement for a factory depends mainly on technical considerations, such as the nature of raw materials, the choice of processes, pattern of production, capacities etc. For townships, norms have already been laid down by the Committee on Plan Projects.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65 dated 18-1-1966]

**Recommendation (Serial No. 41)**

To undertake the execution of the project and invite tenders without finally deciding the product to be manufactured at Trombay were a serious lapse. In the fertiliser industry it is all the more necessary to decide the product pattern in advance as the product to be manufactured is supposed to be based on extensive trials and suitability to the soils for which it is intended. To avoid difficulties of the nature that arose at Trombay, the Committee feel that this is a matter which should receive the first attention while setting up industrial enterprises of this nature. (Para 137)

### Reply of Government

It is not correct to say that tenders were invited without finally deciding the product to be manufactured at Trombay. In fact, tenders were invited after finally deciding the product to be manufactured, at Trombay. Subsequently, however, Government had to make certain modifications regarding the type of nitrophosphate product to be manufactured in the plant. On the recommendations of the Standing Committee for Manures and Fertilisers a delegation was sent to Europe together evidence of the experience of Western European countries in regard to the use of different types of nitrophosphate fertilisers. Government did not accept the Delegation's recommendations in full and decided that facilities should be established at Trombay for the production of nitrophosphate by the sulpi-nitric process so that its P205 content may be 50% water-soluble. As a rule, the Ministry of Petroleum & Chemicals consults the Ministry of Food and Agriculture about the product to be manufactured before the fertiliser factories are licenced. Nevertheless circumstances do arise sometimes where a set pattern will have to be changed. For instance, on account of difficulties faced at present in import of sulphur some changes in the pattern of production are being considered by a highlevel committee.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65 dated 18-1-1966]

### Recommendation (Serial No. 43)

The Committee regret that the setting up of the Town Gas Plant at Trombay was decided before making sure about the availability of the necessary foodstock for offtake of gas and without entering into a formal agreement with the State Government in this regard. (Para 142)

### Reply of Government

The Board of the Fertiliser Corporation of India, in the meeting held on the 17th May, 1965, recommended to Government that in view of the stand taken by the Maharashtra Government on the issues of price, guarantee of contractual performance as well as assurance in respect of the Bombay Gas Supply Act 1939, it will be more appropriate for the Bombay Municipal Corporation itself to own and operate a town gas generation plant at Bombay. The Board was, however, willing to let the Corporation undertake the construction of the plant as a contractor of the Municipal Corporation in view of its past association with the project and the functioning work already done by it.

The Government of Maharashtra have been informed, on the 17th July, 1965, that it will not be appropriate for the Corporation to take this additional responsibility without serious detriment to its main work and that the establishment and operation of a town gas plant for supplying gas for domestic purposes is outside the scope of the Corporation. They have also been told that, if the State Government wish to proceed with the project further and employ the Fertiliser Corporation of India for its execution, in view of its past association with it, Government of India will have no objection and the terms and conditions will, of course, have to be such as will be mutually agreeable to the State Government and the Corporation.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65, dated 18-1-1966]

**Recommendation (Serial No. 49)**

Whatever the justification for the upward revision in the estimates of the Trombay Project, the Committee feel that a correct assessment of the cost should have been made at the earliest opportunity after ascertaining the source of finance and calling for quotations for plant and equipment. That was not done. The Committee feel that for proper financial control, Government should insist on detailed estimates of projects being prepared by the undertakings before according approval thereto. They hope that this would be done in future. (Para 158)

**Reply of Government**

Reply to Recommendation No. 35 may be seen.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65  
dated 18-1-1966]

**Recommendation (Serial No. 50)**

The Committee note that the project estimates for Namrup and Gorakhpur Projects prepared in February, 1961 and March, 1964 respectively, are still awaiting Government's approval. In the meantime, expenditure is being incurred. This is not proper and if a Project is not approved by Government it would lead to infructuous expenditure. (Para 159)

**Reply of Government**

The Gorakhpur Project estimates have been sanctioned by Government on the 6th May, 1965. As regards Namrup, the project estimates are under revision due to the selection of a new factory site as a result of fresh investigation.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65  
dated 18-1-1966]

**Recommendation (Serial No. 52)**

The representatives of Chemical Construction Corporation who supplied the design of the compressor foundations of the Trombay Project, were not satisfied with the workmanship of the foundations and wanted some parts to be demolished, and rebuilt. They also doubted the strength and soundness of lean concrete on which compressor foundations were built.

The Committee feel that this unnecessary controversy which held up the work could have been avoided by mutual discussion before commencement of the foundation work. (Para 165)

**Reply of Government**

The FCI had mutual discussions with the main plant suppliers, at every stage of construction. In this particular case, difference of opinion on technical issues arose between the FCI's construction engineers and the plant suppliers and the views of a third party (an Expert Committee) had, therefore, to be obtained.

[Ministry of Petroleum & Chemicals O.M. No. Fert.(II)/1(20)/65  
dated 18-1-1966]

**Recommendation (Serial No. 60)**

Besides the Chairman-cum-Managing Director, there is no functional Director in the Corporation.

The Board of a large-sized multi-unit industrial undertaking like the Fertiliser Corporation has to take various decision regarding planning and policy matters. It has to provide guidance to new projects, initiate policy, and effect alterations in the overall plan, enter into foreign aid agreements and agreements with suppliers, contractors, and the like. On the execution side also it has to deal with various issues and problem of an urgent nature involving unexpected bottlenecks and difficulties that might affect the progress of projects. The Committee feel that all this load of work would surely be too heavy for one Chairman-cum-Managing Director. In their opinion it would be advantageous to have a full-time financial Director in-charge of budget and accounts department and another full time technical director to look after technical matters. These Directors would not only be a party to, and responsible for all the decisions of the Board with regard to the Management and operation of the enterprise, but would readily identify themselves with the objectives of the enterprise. Further such full time Directors would also gain the necessary training and experience for ultimately taking over as Managing Director. The Committee suggest that the matter may be examined by Government. (Paras 180-183)

**Reply of Government**

The recommendations of the Committee has been sent to the Bureau of Public Enterprises, Ministry of Finance for examination and issue of necessary instructions in the matter.

[Ministry of Petroleum & Chemicals O.M. No. Ferts.(II)/1(20)/65 dated 18-1-1966]

**Further Reply of Government**

The Bureau of Public Enterprises have undertaken a study of the structure of Public Enterprises. The recommendation made by the Committee will be considered after this study is over and general instructions on the subject are issued by the Bureau of Public Enterprises.

[Ministry of Petroleum & Chemicals O.M. No. Ferts.(II)/1(20)/65 dated 3-4-1967]

**Recommendation (Serial No. 70)**

The Corporation employs a Transportation Adviser at the Head Office. The Committee feel that the local transportation officer of the Unit/Project concerned should be in a position to attend to its transportation problems and any liaison with the Railway Board could be done by the Liaison Officer of the head office (scale of pay Rs. 1,000—1,400). They feel that the post of the Transportation Adviser, which was created to tide over a temporary difficulty, should not have been continued on a permanent basis. The reasons advanced for appointing a Transportation Adviser at the head office of the Corporation are such which apply equally to all multi-unit undertakings. The Committee are not convinced of the need for such an officer at the headquarters of the Fertiliser Corporation when other industrial undertakings like Heavy Engineering Corporation, Hindustan Steel Limited etc.

with greater transportation problems do not have such officers at their head offices. The Committee, therefore, recommend that the post of Transportation Adviser at the head office of the Corporation should be abolished. (Paras 205—207).

### Reply of Government

Before the creation of the post of Transportation Adviser at headquarters, the question was carefully considered by the Management Committee of the Corporation and the Board of Directors of the Corporation. The unanimous opinion was in favour of the arrangements under which a senior officer at headquarters to deal with major transportation problems of all Units and Divisions with relatively Junior Transportation Officers in Units under the administrative control of the General Managers concerned but receiving functional guidance from him. The main objective was that complex transportation problems arise for solution in every Unit from time to time for which high level personal contacts with Railway authorities are essential. If therefore, transportation were to be decentralised, it would be essential to have in every unit a very senior Transportation Officer in the same manner as Sindri had prior to its merger in the Fertilizer Corporation of India Ltd. It was held that this would be an uneconomical arrangement. This apart, there would be lack of co-ordination. Simultaneous approaches to Railway authorities for meeting conflicting claims may turn out to be embarrassing as well as result in a great deal of confusion. It was felt that while all routine duties of a Transportation Officer in a Unit could be done by a relatively junior officer, no junior officer would, without high level aid, be effective in sorting out difficult and urgent transportation problems where special help may have to be obtained from the Railway authorities.

2. In the circumstances explained, Government do not consider it advisable to abolish the post of Transport Adviser particularly at this juncture when the Fertilizer Industry has been placed on a 'Crash' programme basis and the present emergency has further aggravated the transport problems.

[Ministry of Petroleum and Chemicals, O.M. No. Ferts.(II)/1(20)/65, dated 18.1.1966]

### Recommendation (Serial No. 71)

The Board of Directors of the Corporation have recently decided to appoint an Industrial Relations Adviser at its head office. This is again a departure from the usual pattern followed by other public undertakings. It appears to the Committee that guiding principles should be laid down for the organisational set up at head offices of multi-unit undertakings. They suggest that the Bureau of Public Enterprises might make a comparative study of the organisational set up of the head offices of multi-unit undertakings in the public sector and private sector/foreign countries and lay down a broad pattern for the guidance of Public Undertakings which could be varied to suit the special requirements of individual undertakings, (Para 208).

### Reply of Government

All major public undertakings have Industrial Relations Advisers though they are usually designated as Chief Personnel Officers or Personnel Managers or Personnel Advisers. Fertilizer Corporation of India also had a Personnel

Adviser at Headquarters for about two years and the post was held in abeyance consequent on the transfer of its incumbent to a Unit. The designation now adopted by the Corporation only emphasises the most important function of this officer, viz., the development of food labour-management relations. Fertilizer Corporation of India has not created a post of Industrial Relations Adviser in addition to a Personnel Adviser or Personnel Manager like any other multi-unit public undertaking.

The Industrial Relations Adviser will advise the Chief Executive of the Corporation as well as the Heads of Units on various personnel matters, in particular the following :

- (1) Formulation of personnel policies for uniform application in the Corporation;
- (2) Recruitment, promotion and inter-unit transfer of senior personnel in the Corporation;
- (3) Demands of labour and complaints regarding conditions of service, privileges and amenities for employees etc.,
- (4) Labour law—matters relating to registration and recognition of unions, conciliation proceedings, etc.,
- (5) General issues relating to labour management relations.

The suggestion made by the Committee has been brought to the notice of the Bureau of Public Enterprises. Their comments are awaited.

[Ministry of Petroleum & Chemicals O.M. No. Ferts.(II)/1(20)/65  
dated 3-4-1966]

#### **Further Reply of Government**

The Bureau of Public Enterprises consider that no rigid pattern can fit into the circumstances of the different corporations. The Bureau will however, on the basis of its study of the patterns of organisation both in this country and abroad, and on the basis of the experience thereof advise the administrative Ministry in regard to the form of organisation that is likely to be most suitable for its purpose.

[Ministry of Petroleum & Chemicals, O.M. No. Fert,(II)/1(20)/65  
dated 3-4-1966]

#### **Recommendation (Serial No. 78)**

Top managerial appointments at the Trombay, Namrup and Gorakhpur Projects were made long after these were sanctioned. At the initial stages, a project is faced with numerous difficulties which baffle even the seasoned administrators. In order that the General Managers are able to overcome those difficulties and problems successfully, they should be selected soon after a project is approved and given the necessary training and orientation. This had not been done in the case of service officials appointed to these positions by the Fertilizer Corporation. The Managing Director of the Corporation agreed that it was necessary. The Committee trust that this should be done in the case of future Projects of the Corporation. (Paras 226-227)

### Reply of Government

Noted.

It may, however, be clarified that in Trombay, Namrup and Gorakhpur, Project Officers in the scale of Rs. 1300—1800 were appointed initially as soon as work on the Projects commenced and as the work developed and day-to-day coordination and administrative guidance for the project team became necessary, General Managers were placed in position. In the very early stages, the main work in a new project relates to technical surveys & collection of data of a technical nature which, under our system of implementation of new projects, is attended to by project staff deputed by the P&D Division. In the case of Durgapur Project, which was approved by Government for implementation in December, 1964, a General Manager has been appointed as stated earlier.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65, dated 18-1-1966]

#### (Recommendation Serial No. 82)

(i) There has been no manpower planning in the Sindri Unit from the very beginning. Neither did the Project Report indicate the staff requirements nor was any work study or job evaluation done later on to assess its requirements accurately. That unhealthy competition between the heads of the departments to have more and more men under them than was necessary should have resulted in proliferation of staff indicates failure of the top management to fix norms or work or relate it to actual needs. What is more, about 1,400 persons were recruited for the expansion of the unit without an overall assessment of the staff requirements. Thus a good opportunity to absorb surplus personnel in the expansion of the plant was also lost. It is surprising that neither the Board of Directors nor the Government took note of this problem till 1959. Various Committees and specialist firms had subsequently to be appointed to assess the work-load and determine the staff strength entailing considerable labour and expenditure but a solution to the problem is not yet in sight.

(ii) Messrs. Personnel & Productivity Services, which were asked to study the work-load and manpower requirements of non-technical departments of the Nangal Unit in 1962, proposed a staff strength of 711. As against this, the permanent set up of 1082 is proposed by the Unit and 1026 persons were in position in February, 1965. The Committee are surprised that the recommendations of the specialist firm made in 1962 have not been fully implemented so far. They recommend that every effort should be made to bring down the staff strength of the Unit to the level suggested by the Personnel and Productivity Services. (Paras 238—240).

#### Reply of Government

(i) Immediately on formation, in January, 1961, the Corporation was faced with the problem of excessive staff in the Sindri Unit. A Technical Manpower Committee was appointed and since then this problem has been vigorously tackled. The total strength has been brought down by nearly 2000 men. Much thought has been given, many studies undertaken, and strenuous efforts have throughout been made to find suitable solutions to the problem, which is by no means an easy one. With further sustained efforts, the strength of the staff will be brought down to between 5500 and 6000

which has been regarded as satisfactory for an old plant like Sindri. It is necessary to remember that Sindri was planned as far back as 1945 and the process adopted for it involved the handling of about 4000 tonnes of raw materials, per day. This is the basic factor underlying the employment of a larger number of workmen than in the later plants using advanced processes.

(ii) The Report of M/s. Personnel & Productivity Services on the non-technical departments of Nangal Unit has turned out to be impracticable. This firm was engaged to assist the management in determining the correct staff strength in the various departments on the strength of their reputation as well-known consultants in the field of personnel management. Unfortunately, the firm does not appear to have made a study on the basis of detailed job analysis and examination of the quantum of work in each department. M/s. Personnel & Productivity Services have also based their recommendations without consideration of the specialised procedures and statutory requirements in the matter of maintenance of accounts and labour records etc.

A sub-committee was recently set up by the Management Committee of the Corporation to consider the permanent set up of the non-technical departments at Nangal. The Committee recommended that the existing strength of the non-technical departments should be reduced from 1282 to 1091. This recommendation has been accepted by the Board of Directors at their meeting held on the 21st September, 1965.

[Ministry of Petroleum & Chemicals, O.M. No. Fert,(II)/1(20)/65  
dated 18.1.1966]

#### **Recommendation (Serial No. 83)**

Though the productivity of labour has improved from year to year at Nangal, the position at Sindri has not materially changed during the last 3 years. Labour and establishment charges constitute an important element in the cost of production. It is absolutely necessary to keep down the establishment charges to the minimum possible. The Committee hope that various suggestions made in this Report e.g., for better utilisation of men and materials, proper maintenance of plant and equipment and happier industrial relations would lead to greater productivity. They trust that the position will be constantly reviewed with reference to the norms laid down for the purpose and suitable remedial action taken when necessary. (Paras 243-244).

#### **Reply of Government**

The staff position is under constant review by the Management and the Board of Directors. It may, however, be explained that labour charges account for about 10%—20% of the total production costs of various fertilizers and any reduction in establishment may not materially bring down the cost.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65,  
dated 18.1.1966]

#### **Recommendation (Serial No. 85)**

(i) The provision of helpers for skilled workers as tool carriers without ascertaining the need therefor is not justified and is a waste of manpower. If Trombay project is able to do without these helpers, there is no reason why

other projects cannot do without them. Since the appointment of helpers needs to overmanning and higher cost of production, the Committee suggest that their number should be reduced to the minimum.

(ii) In this context, the Committee would commend the initiative shown by the General Manager of the Trombay Project (1964) in assessing the ultimate staff strength in the very beginning and successfully eliminating the employment of helpers. It happens rarely that the staff strength of a project as originally fixed at 3,000 is reduced to 1,803. (Paras 250-51).

### **Reply of Government**

The elimination of 'helpers at Trombay has been decided upon as an experimental measure. The results of the experiment will be closely watched and, if found satisfactory, the experiment will be extended to other Units in due course. The success of the experiment will be known only after the factory has gone into full production.

Incidentally, it may be mentioned that all workers designated as 'helpers' do not carry tools for skilled works, but do a substantive job of thtir own. Such 'helpers' have still to be provided in each production unit. Meanwhile, every endeavour will be made to limit the personnel strength of new projects in this category to the minimum required.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65,  
dated 18.1.1966]

### **Recommendation (Serial No. 86)**

The Committee find that overtime at the Sindri and Nangal Units is not restricted to skilled personnel only but is paid in all Departments including Stores, Personnel Administration, Security, Estate, Medical and Transportation Departments. There is thus need for reducing absenteeism and exercising strict control in the payment of overtime and avoidance of mal-practices of the nature referred to in para 252. The Committee hope that suitable measures would be taken by the Corporation in this behalf. (Para 253).

### **Reply of Government**

The overtime in other departments to non-skilled personnel becomes inescapable for various reasons. For example, it becomes necessary to incur overtime in the Stores Department in case a large number of wagons are received and have to be unloaded to avoid demurrage. Similarly, overtime in other departments is incurred to carry out jobs which cannot be postponed. Overtime in case of security department becomes necessary particularly during times of labour unrest. The Transportation Department incurs overtime to reduce incidence of demurrage which may otherwise accrue under certain operating conditions. The total overtime, of course, is on the high side at Sindri and steps are being taken to bring it down.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65,  
dated 18.1.1966]

**Recommendation : (Serial No. 88)**

(i) The supervisory staff at the Nangal Unit is on the high side. The Committee suggest that the number of supervisory staff may be reduced as much as possible.

(ii) The ratio of non-technical to technical staff is higher at the Sindri and Nangal Units as compared to the Trombay Project. The Committee suggest that the position might be reviewed with a view to reducing the number of non-technical staff, as was agreed to by the Managing Director.

(iii) The Committee suggest that suitable norms for employment of supervisory and operative staff and technical as well as non-technical personnel should be laid down so as to serve as a guide to the management of future plants. (Paras 257—60).

**Reply of Government**

(i) What the Corporation stated during the course of evidence was that the ratio of Supervisors/Operators at Nangal was on the high side. This was due to the large number of operatives in Sindri as compared to Nangal. After detailed review, it has been possible to reduce 19 Supervisors and 89 other posts out of a total of 2324.

(ii) The ratio of non-technical and technical staff at Sindri and Nangal cannot strictly be compared to the proposed ratio for Trombay Project, as the latter project is located near a big city which makes it unnecessary for the corporation to provide a large number of services, as for example, medical and sanitary facilities, schools, recreation facilities and similar other amenities. The review of the non-technical departments at Nangal has been made as a result of which the strength of 1282 posts has been brought down to 1091 permanent posts. In addition, 110 temporary posts have been sanctioned. Out of these 110, posts, it is proposed to transfer 89 posts to the Notified Area Committee as soon as they are in a position to take over conservancy and horticulture functions of the township. The remaining temporary posts will be abolished as soon as the specific work for which they are meant has been completed.

At Sindri a total reduction of 342 employees (170 non-technical) has been effected from 8053 as on 31.7.1964 to 7711 on 30.9.1965.

(iii) The norms of ratios between Supervisory and operative staff or for that matter between technical and non-technical personnel are determined by the design and layout of the plant as well as by its location, which in turn determines the quantum of services and civic amenities to be provided by the corporation. It would, therefore, be difficult to lay down the norms, as suggested by the Committee.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65)  
dated 18.1.1966]

**Recommendation : (Serial No. 92)**

(i) The higher capital investment increases the cost of production and adversely affects the competitive position of an undertaking. The Committee regret that due emphasis was not placed by Government to the important aspect of investment-output ratio before according approval to projects from the very beginning. They were surprised to know that the Ministry had started considering this aspect only recently.

(ii) It is also surprising that although the first fertiliser plant in the public sector was commissioned about 15 years ago, comparative position obtaining in foreign countries on this important aspect is not available either with the Corporation or the Government till today. The Committee trust that efforts would now be made to collect such information and to carefully examine the investment-output ratio before sanctioning new projects in future.

(iii) While the investment per ton of output has been gradually reduced from project to project, efforts may be continued to reduce it further so as to bring it on par with the position prevailing in foreign countries. (Paras 271—73).

### Reply of Government

These observations have been noted and will be borne in mind while sanctioning new projects in future. It may, however be added that capital investment in India is unavoidably heavy, about 60% higher than in U.S.A. or in Europe due to :

- (1) expenditure on freight, insurance and customs;
- (2) purchase of equipment through engineering firms which added substantial margin of profit;
- (3) establishment of small units;
- (4) difficulties in procurement of storage;
- (5) substantial outlay on unproductive works, such as, townships, hospitals, schools etc.

Two factors, viz., higher investment and control over fertilizer prices, militate against a higher investment output ratio in the units/projects of F.C.I. With departmental designing and engineering of projects and the adoption of more up-to-date technology and bigger size units, the investment proportionate to out-put is likely to come down in future.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65, dated 18.1.1966]

### Recommendation (Serial No. 94)

The Committee trust that with improved maintenance and solution of corrosion problem of Electrolysis Plant etc., at Nangal, the production will increase to rated capacity, thereby reducing the cost of production. They also urge that concerted efforts should be made to control the costs so as to reduce the cost of production of calcium ammonium nitrate also. (Para 279).

### Reply of Government

The standard of maintenance of the Nangal plant is as high as any attained anywhere in a comparable plant. The real problem is indeed corrosion in the Electrolysis Plant. Continuous efforts are being made to solve it. The position has improved to some extent though not completely. A planned programme of overhaul of electrolyzers is in hand but there is delay in implementation due to acute foreign exchange position. It has also

been decided to acquire one and two third additional cell-lines out of the spare equipment available from FACT, Alwaye. Action has been taken to transfer these cell lines to Nangal.

[Ministry of Petroleum & Chemicals O.M. No. Fert. (II)/1(20)/65)  
dated 18.1.1966]

#### **Recommendation (Serial No. 98)**

The net profits of the Nangal Unit are steadily rising but the position at Sindri, which was commissioned as far back as 1951 seems very unsatisfactory especially when it is viewed against a margin of 10 per cent allowed in the retention prices for the fertilisers. The present unsatisfactory position at Sindri must obviously be due to many ills from which the Unit is suffering. The Committee recommend that effective steps be taken to rehabilitate the Unit and effect utmost all round economy so as to improve its financial position. (Paras 290-291).

#### **Reply of Government**

Attention is invited to the remarks on the Committee's recommendation 93. Sindri made high profits in earlier years. But as the plant has aged and the processes have become outmoded due to recent advances in technology, it requires to be modernised in several respects. Every effort is being made to rehabilitate the Unit but the progress will depend on the foreign exchange made available for the purpose.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65,  
dated 18.1.1966]

#### **Recommendation : (Serial No. 99)**

##### *H. Contribution of Fertilizer Corporation*

(i) The Committee cannot help observing that the position is highly unsatisfactory. It was expected of the administrative Ministry to intimate the Corporation of the surpluses expected of it which should also ordinarily have been determined in consultation with it. It is surprising that neither estimates of surpluses were prepared in consultation with the Corporation nor were they communicated to them till the Committee enquired about it. What is more surprising is that even the representative of the Ministry was not aware of it and had to ascertain the position from the Planning Commission.

(ii) The Committee recommend that Government should now study the performance of the Fertilizer Corporation from time to time with reference to the contributions expected of it. It would be desirable if the targets fixed and the actual performance in this regard are also indicated in the annual reports of the Corporation. (Paras 294-295).

#### **Reply of Government**

In estimating the aggregate contribution of public enterprises for financing the Third Plan, the Planning Commission had had consultations with the Ministries concerned with the various public sector undertakings. However, in the final document only the anticipated contribution from all public sector undertakings was indicated; this was not broken up into any targets for

individual entities like the Fertilizer Corporation. This was because in the Third Plan calculations, no "norm" in respect of the return on capital employed was set down as a general directive for all enterprises.

In regard to the Fourth Plan, however, it has been accepted in principle that public sector undertakings should adjust their cost-price policies in such a way as to secure a minimum of 12 per cent return on capital employed. The Planning Commission is working out, in consultation with the Bureau of Public Enterprises as well as Ministries/agencies concerned, the contributions to be aimed at by individual enterprises. In conformity with the Committee's recommendations, they will communicate the expected contributions from individual enterprises to the Ministries/agencies concerned and the Public Sector undertakings under the control of this Ministry will then be informed of the role expected of them.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65, dated 18.1.1966]

#### **Recommendation : (Serial No. 100)**

The cost of township varies from 4.58 per cent of the total outlay on Korba Project to 12.6 per cent at the Sindri Unit. Since the investment on a township and the cost of maintaining it add considerably to the overheads of a project, the Committee feel that Government should consider the desirability of laying down an upper limit on the expenditure that could be incurred by a public undertaking on the construction of a township. (Serial No. 297-298).

#### **Reply of Government**

The recommendation has been brought to the notice of the Bureau of Public Enterprises for necessary action.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65, dated 18.1.1966]

#### **Further information called for by the Committee**

Please indicate the action taken by the Bureau of Public Enterprises on the recommendation of the Committee that Government should consider the desirability of laying down an upper limit on the expenditure that could be incurred by a public undertaking on the construction of a township.

[Lok Sabha Sectt. D.O. No. 15-PU/68, dated 31-3-69]

#### **Further Reply of Government**

Attention is invited to the Reply Given by the Government on Recommendation No. 2 on the Nineteenth Report on the Committee on Public Undertakings on Township and Factory Buildings of Public Undertakings.

[Ministry of Petroleum & Chemicals, D.O. No. II/1(20)/65, dated 8-4-1969]

#### **Recommendation (Serial No. 108)**

The Fertilizer Distribution Enquiry Committee (1960), which examined the existing distribution arrangements, had suggested the setting up of a

Central Fertilizer Marketing Corporation to undertake the functions performed by the Pool. Various bodies have since then pointed out that the existing distribution system is not conducive to the rapid expansion of consumption of fertilisers by the farmers and that such responsibility should rest with the factories themselves. The Committee regret to note that no action has been taken on the positive recommendation for the setting up of a Central Fertilizer Marketing Corporation, which was made four years ago. Instead another Committee with, more or less, similar terms of reference has again been set up to examine the matter *de-novo*. The Committee need hardly stress the urgency of organising an efficient system of distribution of fertilisers, particularly when a number of new fertiliser factories are being set up in the near future. They trust that immediate steps would be taken on the recommendation of the Enquiry Committee to organise a suitable system of distribution of fertilizers, in consultation with the concerned parties.

(Para 319)

### Reply of Government

The report of the Expert Committee on Fertilizers appointed by the Ministry of Food & Agriculture is expected to be released by September, 1965. Suitable steps will be taken thereafter by Government.

[Ministry of Petroleum & Chemicals, O.M. No. Ferts.(II)/1(20/65, dated 18-1-1966]

### Further information called for by the Committee

The final action taken by the Government in organising an efficient system of distribution of fertilisers.

[Lok Sabha Sectt. D.O. No. 15-PU/68, dated 31-3-1969]

### Further Reply of Government

The Fertilizer Enquiry Committee (Patel Committee) 1960, recommended the setting up of a Fertilizer Marketing Corporation in the place of the Central Fertilizer Pool which was procuring and distributing fertilizers imported as well as indigenous. Subsequently, the Committee on Fertilizers (Sivaraman Committee) 1965, which also went into the system of marketing suggested and constitution of a Fertilizer Promotion Corporation with functions of promotion as well as marketing. Since the Committee on Fertilizers made its recommendations, Government decided to gradually de-control the indigenous production. Accordingly, manufacturers were allowed freedom to sell, 30% of their production with effect from October, 1966, 50% with effect from October, 1967, 70% with effect from October, 1968 and 100% with effect from 1st January, 1969. The Central Fertiliser Pool is now concerned mainly with the distribution of imported fertilizers only. Since large quantities of fertilizers will be sold by the manufacturers the working group on fertilizers which examined the agricultural programme of 4th Plan, (1969-74) observed that the proposed organisation need not include in its function marketing activities and may confine itself to promotion activities. Accordingly, Government propose to set up a Fertilizer Promotion Board and the proposal is under consideration of the Planning Commission.

[Ministry of Petroleum & Chemicals, D.O. No. II/1(20)/65, dated 8-4-1969]

### **Recommendation (Serial No. 115)**

The Committee regret to observe that a final decision to instal a tippler has not been taken so far. In the meantime the Unit continues to face difficulties in the unloading of raw materials, which affect production and involve additional expenditure on manual unloading, besides payment of demurrage to the Railways. The matter has now been linked up with the proposed change in the process of production which is likely to take time in materialising. The Committee urge that immediate action should now be taken in consultation with the Ministry of Railways to minimise delays in unloading and reduce unnecessary expenditure.

### **Reply of Government**

At the time of the implementation of the proposal, it was observed that the tippler would not be working to its capacity. The total requirements of coal for the Coke Ovens is about 1,000 tonnes per day. Out of this, 200 tonnes a day are moving by road. Therefore, the number of BOX wagons even if all the quantity moved by rail is loaded in such wagons, would not be more than 14-15 a day. The capacity of the proposed tippler would be 6 to 8 wagons per hour i.e. 144 to 182 wagons per day. The Company would thus be using only a small fraction of its capacity. Therefore, from the utilisation point of view, it was considered that there would be little advantage in installing the special Tippler.

2. From the cost point of view, the advantage, if any, would be marginal. The present cost of manual unloading, stocking and recovery works out to Rs. 2/- a tonne. The cost of operation alone of the tippler was estimated at Rs. 688/- a day, which would amount to Rs. 2.4 lakhs a year. With this amount 10,000 tonnes a month could be handled manually. Besides, extensive modifications would be required to the yard before the tippler, involving a large capital outlay, could be installed. The Company is not likely to get more than 15,000 tonnes a month in BOX wagons and therefore, any excess over 10,000 tonnes a month would be accounted for by the saving in the capital expenditure.

3. Demurrage accrues on account of several factors, the use of BOX wagons being only one of them. The congestion in the yard, availability of an adequate number of locos in good condition, and release of wagons by existing tipplers which operate not only on coal but on gypsum traffic of which is almost double and the arrival time of rakes in the Marshalling yard are factors that have an impact on accrual of demurrage charges. By re-adjustment of working, it has been possible to earmark one of the sections in tract for unloading of coal arriving in BOX wagons. Unloading and removal by trucks of coal received in these wagons has been eased by this arrangement and the demurrage charges have come down, despite increase in the number of BOX rakes.

4. With the improvements, which were expected as a result of operational changes alone, it was thought desirable to defer the question of installing a BOX wagon tippler, involving an expenditure of Rs. 30 lakhs, to a future date when modifications in the Railway Yard are effected to suit the requirements of expansion. Thus a decision to postpone installation of

the tippler has not effected production in any manner. This has also not involved any additional expenditure either on manual unloading or payment of excessive demurrage charges.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

#### **Recommendation (Serial No. 118)**

The Corporation stated that comparative information in respect of fertiliser factories in foreign countries was not available. The Committee consider it absolutely essential for a progressive industrial undertaking to have an intimate knowledge of the working of similar undertakings abroad. This is particularly so in the present day competitive conditions when other countries are making rapid technological and other improvements. The Committee feel that Government should have at least obtained such basic data from foreign experts/firms engaged to study the fertiliser industry from time to time. They trust that the Corporation will now take necessary steps to keep in touch with the working of fertiliser factories in industrially advanced countries.

#### **Reply of Government**

The Corporation had endeavoured in the past to obtain cost figures and other relevant data from fertiliser factories in foreign countries but failed as the information was considered confidential. Further efforts, are, however, being made.

[Ministry of Petroleum & Chemicals, O.M. No. Fert. (II)/1(20)/65,  
dated 18-1-1966]

## CHAPTER IV

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

#### Recommendation (Serial No. 72)

(i) The Committee consider that the location of head office of each public Undertaking should be decided after taking all relevant factors into consideration (its size, number of units, their location, stage of their execution, etc.) but such a decision should be based on certain broad principles. They suggest that the Ministry of Works and Housing should go into this question in consultation with the administrative Ministries concerned and lay down broad principles for locating the headquarters of Public Undertakings, consistent with their efficiency and economy, while keeping in view the need for relieving congestion in the capital. In this connection they would invite a reference to the recommendation contained in para 17 of the 50th Report of Estimate Committee (3rd Lok Sabha).

(ii) The Committee trust that the question of location of head office of the Fertiliser Corporation would be re-examined in the light of the above remarks. (Para 210)

#### Reply of Government

(i) The Ministry of Works & Housing have examined the recommendation contained in para 17 of the 50th Report of the Estimates Committee (3rd Lok Sabha) and have forwarded their conclusions to the Department of Administrative Reforms for consideration of the Committee on Administration, which has been set up for consideration, the final action to be taken on the various recommendations made by the Estimates Committee. The reactions of the Committee on Administration are awaited.

(ii) The broad principles for locating Headquarters of Public Undertakings, consistent with efficiency and economy, and also keeping in view the need for relieving congestion in the capital, will be framed by the Ministry of Works and Housing after the reactions of the Committee on Administration in respect of the conclusions reached by that Ministry regarding para 17 of the 50th Report of the Estimates Committee (3rd Lok Sabha) are available. The question of location of the Headquarters of the Fertiliser Corporation in Delhi will be reconsidered after the broad principles are framed.

## CHAPTER V

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

#### Recommendation (Serial No. 25)

It is surprising that the Punjab Government after having agreed to supply power at the rate of 2.6 pies per kwh to the Nangal Project demanded an increase to 2.9 pies per kwh when the Corporation had invested huge sums of money in putting up a plant. It is not understood why the Central Government also pressed the Corporation to pay an increased rate. As this is an important matter which affects the economical working of the Unit, the Committee feel that Government should intervene and ensure that a fair and equitable agreement between the two parties is reached without delay. (Para 93)

#### Reply of Government

In spite of the best efforts of the Fertilizer Corporation of India, the Punjab State Electricity Board has not yet signed the agreement regarding Tariff rates. This question has been taken up with the Ministry of Irrigation and Power.

[Ministry of Petroleum & Chemicals, O.M. No. Ferts. (II)/1(20)/65, dated 18-1-1966]

#### Further information called for by the Committee

The final position of the agreement with the Punjab State Electricity Board regarding Tariff rates for the supply of power to Fertilizer Corporation of India may be indicated.

[Lok Sabha Sectt. D. O. No. 15-PU/68, dated 31-3-69]

#### Further Reply of Government

The question of tariff rates is still under negotiation.

[Ministry of Petroleum & Chemicals, D.O. No. II/1(20)65, dated 8-4-1969]

#### Recommendation (Serial No. 48)

The Committee urge that necessary steps may be taken to clear the goods as early as possible, so as to reduce the demurrage charges in all the Projects of the Corporation. The avoidable delays in customs examination, if any, should be brought to the notice of the Ministry of Finance so that the procedure followed by the Customs Authorities is simplified. (Para-154)

### **Reply of Government**

The avoidable delays have been brought to the notice of the Ministry of Finance (Department of Revenue), for necessary action.

[Ministry of Petroleum & Chemicals, O.M. No. Ferts. (II)/1(20)/65, dated 18-1-1966]

### **Further information called for by the Committee**

Please indicate the action taken by the Ministry of Finance in regard to clearance of goods as early as possible so as to reduce the demurrage charges in all the projects of the Corporation, and the avoidable delays in customs examination, if any.

[Lok Sabha Sectt. D.O. No. 15-PU/68, dated 31-3-69]

### **Further Reply of Government**

The details have been called for from the Ministry of Finance and the same will be supplied to the Committee when received.

[Ministry of Petroleum & Chemicals D.O. No. II/1(20)/65, dated 8-4-1969]

### **Recommendation (Serial No. 58)**

The Committee do not agree with the view that Additional Secretaries are not debarred from being appointed on the Boards. They feel that the considerations which weighted with the Government in deciding against Secretaries being appointed on the Board of Public Undertakings, apply equally to Additional Secretaries. They have hardly the time for such duties. The Committee suggest that Government should issue suitable instructions to make the above decision applicable to Additional Secretaries as well.

(Para 178)

### **Reply of Government**

Noted. This recommendations has been brought to the notice of the Bureau of Public Enterprises, for the issue of suitable instructions.

[Ministry of Petroleum & Chemicals, O.M. No. Ferts. (II)/1(20)/65, dated 18-1-1966]

### **Further information called for by the Committee**

Please indicate the final instructions issued by the Bureau of Public Enterprises regarding appointments of Additional Secretaries on the Board of Public Undertakings.

[Lok Sabha Sectt. D.O. No. 15-PU/68, dated 31-3-1969]

### **Further Reply of Government**

The information is being collected from the Bureau of Public Enterprises and will be furnished shortly.

[Ministry of Petroleum & Chemicals, D.O. No. II/1(20)65, dated 8-4-1969]

**Recommendation (Serial No. 74)**

It was stated that the Commercial Superintendent at Sindri, was appointed as an experimental measure, in pursuance of a directive from Government. The Managing Director of the Corporation, however, saw no particular advantage in appointing such an officer. The Secretary of the Ministry promised to examine the matter and abolish the post, if necessary. The Committee hope that necessary action would be taken. (Para 214)

**Reply of Government**

The Commercial Superintendent (now designated as Commercial Manager) at Sindri was appointed on 28th April, 1964. The Chairman and Managing Director has been asked to review the position. On receipt of his report, Government will take a decision in the matter.

[Ministry of Petroleum & Chemicals, O.M. No. Ferts. (II)/1(20)/65, dated 18-1-1966]

**Further information called for by the Committee**

The final decision taken by the Government regarding the appointment of the Commercial Superintendent at Sindri may be indicated.

[Lok Sabha Sectt. D.O. No. 15-PU/68, dated 31-3-1969]

**Further Reply of Government**

The Fertilizer Corporation of India have been asked to indicate the latest position which will be intimated to the Committee on Public Undertakings shortly.

[Ministry of Petroleum & Chemicals, D.O. No. II/1(20)65, dated 8-4-1969]

NEW DELHI.

April, 22, 1969

Vaisakha 2, 1891 (S)

G. S. DHILLON,

Chairman,

Committee on Public Undertakings.

## APPENDIX

(vide para 5 of Introduction)

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

I. Total Number of recommendations .. .. .		120
II. Recommendations that have been accepted by Government (vide recommendations at Sl. Nos.		
3, 4, 16, 18, 19, 21, 26, 30, 31, 33, 34, 36, 37, 40, 42, 44, 45, 46, 47, 51, 53, 54, 55, 56, 57, 59, 61, 62, 63, 64, 65, 66, 67, 68, 69, 73, 75, 76, 77, 79, 80, 81, 82A, 84, 87, 89, 90, 91, 93, 95, 96, 97, 101, 102, 103, 104, 105, 106, 107, 109, 110, 111, 112, 113, 114, 116, 117 and 119.		
Number .. .. .		68
Percentage of total .. .. .		57%
III. Recommendations which the Committee do not desire to pursue in view of Government's reply vide recommendations at Sl. Nos. 1, 2, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 20, 22, 23, 24, 27, 28, 29, 32, 35, 38, 39, 41, 43, 49, 50, 52, 60, 70, 71, 78, 82, 83, 85, 86, 88, 92, 94, 98, 99, 100, 108, 115 and 118		
Number .. .. .		47
Percentage to total .. .. .		39%
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (vide Sl. No. 72)		
Number .. .. .		1
Percentage to total .. .. .		1%
V. Recommendations in respect of which replies of Government are still awaited. (vide Sl. Nos. 25, 48, 58 and 74)		
Number .. .. .		4
Percentage to total .. .. .		3%

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

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