C.P.U. No. 154

COMMITTEE ON PUBLIC UNDERTAKINGS
(1969-70)

(FOURTH LOK SABHA)

FIFTY-NINTH REPORT

Action taken by Government on the recommendations contained in the Forty-fourth Report of the Committee on Public Undertakings (Fourth Lok Sabha).

FERTILIZERS AND CHEMICALS TRAVANCORE LIMITED

(MINISTRY OF PETROLEUM & CHEMICALS AND MINES & METALS (DEPARTMENT OF CHEMICALS)

LOK SABHA SECRETARIAT
NEW DELHI

April, 1970/Chaitra, 1892 (S)

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CORRIGENDA

Fifty-ninth Report of the Committee on Public Undertakings(1969-70) on Action Taken by Government on the recommendations contained in the Forty-fourth Report of the Committee on Public Undertakings (Fourth Lok Sabha) on Fertilizers and Chemicals Travancore Ltd.

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(1969-70)

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(1969-70)

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf present this Fifty-ninth Report on the action taken by Government on the recommendations contained in the Forty-fourth Report of the Committee on Public Undertakings (Fourth Lok Sabha) on Fertilizers and Chemicals Travancore Limited.

2. The Forty-fourth Report of the ommittee was presented to Lok Sabha on the 25th April, 1969. Government furnished their replies indicating the action taken on the recommendations contained in that Report on the 6th November, 1969, 9th January, 1970 and 20th January, 1970. Further information in respect of some of the recommendations was called for by the Committee from the Government on the 11th February, 1970 and the replies on these were received from Government on the 12th March, 1970.

3. The replies of Government to the recommendations contained in the aforesaid Report were considered and approved by the Committee on the 26th March, 1970. 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 reply of Government is still awaited.

5. An analysis of the action taken by Government on the recommendatins contained in the Forty-fourth Report of the Committee is given in Appendix II. It would be observed therefrom that out of 35 recommendations contained in the Report, 51 per cent have

been accepted by Government and the Committee do not desire to pursue 35 per cent of the recommendations in view of Government's reply. Replies in respect of 14 per cent of the recommendations have not been accepted by the Committee.

M. B. RANA,
Chairman,
Committee on Public Undertakings.

NEW DELHI;
April 27, 1970.
Vaisakha 7, 1892 (*Saka*).

CHAPTER I

REPORT

CONSTRUCTION AND COMMISSIONING

THIRD STAGE EXPANSION

(*Paras* 2.1 to 2.18)

Recommendation [Serial No. 2(i)]

In their recommendation in para 2.18 of the 44th Report, the Committee observed that the Third Stage Expansion was ill-timed. F.A.C.T. depended solely on the indication given by the Kerala State Electricity Board in August, 1961, that they would be able to meet the requirements of power for the Third Stage Expansion without binding KSEB through an agreement for the supply of required power. But by 1962 the possibility of supply of additional power had become doubtful and KSEB informed FACT that they would not be in a position to give additional power from July| August, 1964 as desired by it. The supply of additional power even by the end of 1964 was subject to the condition that Sholayar Station was commissioned by that time. Considering that the Kerala State Electricity Board had not been able to meet the Company's requirements of power ever since the First Stage Expansion and that in 1962-63 itself FACT had suffered a loss in production worth Rs. 2.5 crores due to power cuts, the Committee feel that it should have examined carefully whether it was desirable to proceed further with its expansion programme unless there was assured power supply. Nor did the Central Government appear to have given proper consideration to this aspect before advancing money for the Third Stage Expansion. Had this been done FACT would not have faced the problem of keeping the plant and machinery, erected under the Third Stage Expansion idle for about 1½ years resulting in unnecessary locking up of a capital of Rs. 12 crores besides additional expenditure on staff, interest charges etc.

In reply, the Government have stated as follows:

> **"In June, 1961 FACT had written to the KSEB and Kerala Government indicating their expansion programme in the III Plan as also their requirements of additional power. The KSEB indicated in August, 1961 that they would be able to meet the power requirement of FACT. The Kerala Government intimated in September, 1961 the rate that would be chargeable on the additional demand of power in January, 1962. It was on this understanding that the Government of India approved the expansion programme.**

All import licences were received by 30th August, 1962. In June, 1962 FACT had written to the KSEB indicating that the delivery schedule for the plants showed completion of site by middle of 1964 and of erection by the end of 1964. FACT accordingly indicated power requirements on a schedule basis. In September, 1962 KSEB indicated a delay of only 6 to 7 months in supplying additional power subject to the Sholayar Project coming on line. Hence by 1962 there was no reason to assume serious delays. It was only in June, 1965 when FACT indicated re-scheduling of power needs that KSEB reported a delay in the Sholayar Project as their suppliers had failed in their delivery schedule, and that hence the additional power needs could be met only after July, 1966 when two units of Sabarigiri Project were expected to come on line.

Development Programmes are likely to be delayed if projects are cleared only after power requirements are actually available. In the complex industrial field some of the infra-structure facilities are provided by State Governments or other undertakings in most cases concurrently with the completion of the projects. These facilities are inter-related. The growth of one may depend on the growth of the other. Just as development of industries depends on the availability of power so does the generation of power depend on its demand by the industry. Both are, thus inter-dependent. In this context an industrial project and the power generation programme have to be processed simultaneously and so as to synchronize with each other but the possibility of one or the other lagging behind cannot be altogether ruled out.

Even assuming that the KSEB had been bound down to a guarantee clause, such a guarantee would not have been valid due to "force majeure" conditions which delayed the supply.

The Government of India had sanctioned the III Stage expansion scheme in January, 1962. At that time there was nothing to presume that the KSEB would not go by the schedule. On the contrary, there was every reason to believe that requirements of power would be fully met by the KSEB. At the time the III Stage Expansion was planned it was not possible for FACT, KSEB or the Government of India to anticipate that the power programme would not be maintained."

The reasons advanced by the Ministry for delay in the execution of the project are hardly convincing. In the Committee's view it is a typical case of 'red tape' approach. The objective and emphasis should not only be to avoid delay in clearing the Development Programme, but also to ensure that there was no delay in obtaining results from such programme. There was no evidence to show that Government|FACT made any efforts during the period of 3 years to ensure that the power supply which was a pre-requisite, was made available in time.

EMERGENCY OXYGEN SYSTEM

(*Paras* 3.10 to 3.13)

Recommendation (Serial No. 8)

In their recommendation in para 3.13 of the 44th Report, the Committee observed that they were not satisfied with the explanation given for not keeping the emergency oxygen system in working order. They found that the oxygen pump went out of order in early 1966. Considering the large number of power interruptions which greatly affected production it was expected of the management to take immediate steps to bring the plant into working order. It, however, appeared that steps were taken in this regard only after the Sharma Committee had pointed out the imperative need for it. The failure to keep the oxygen pump working during these years has resulted in considerable loss of production. The Committee hoped that steps would now be taken to commission this plant and keep it in working order.

In their reply, the Government have stated as follows:

"The pump went out of order in the later half of 1966, when the III stage plants were being commissioned. FACT kept trying their best to repair and improve it locally so that it could come back on line along with the plant, but their efforts did not bear fruit. So in April 1967, Technical Chief of Indian Oxygen Ltd. was approached and he promised to send alternate designs and to negotiate with the suppliers to get their Engineers to see if pump could be put back on line. Alternate arrangement was suggested by British Oxygen Co. Ltd. in July, 1967. They advised the use of two sets of slower pumps and motors. After considerable correspondence with BOC on technical details etc. they tendered quotation (May 1968) valid upto 30th September, 1968 for the replacement of the system. In June, 1968 CCIE was moved through DGTD for an import licence for the system valued at Rs. 3 lakhs. DGTD cleared the pump but refused to clear the motors from indigenous angle. The two indigenous manufacturers indicated by the DGTD were contacted by FACT and the DGTD was also informed

that the pump was of a special design and that motors had to be imported along with the pump. The BOC revised their offer and intimated that if these pumps were used without motors to their specifications, they would not accept technical responsibility. They wanted clearance by February, 1969 and turned down the request of FACT, to extend the offer till March, 1969. The matter was taken up and the DGTD cleared the item on 15th March, 1969. BOC were informed accordingly and they agreed to extend the validity of their offer upto 31st March, 1969. But in July, 1969 BOC further revised their prices. The final purchase order was issued on 15th July, 1969 and the deliver time is 9-10 months from the receipt of order.

It will be seen that clearance took some time only because of Government policy of promoting use of equipment fabricated indigenously and behind this is the desire to save as much foreign exchange as possible. Order has been placed now and as soon as the pumps are received every effort will be made to commission the plant and ensure that it is kept in working order.

This sort of delays invariably occur when DGTD insists on one hand other indigenous clearance and on the other the supplier insist on taking no responsibility if the equipment is not supplied as an integral unit."

The Committee find that it took Government three years in placing orders for a new pump due to the following reasons:

(1) Pump went out of order . .	Later half of 1966.
(2) FACT made effort to repair till . .	April, 1967.
(3) Alternate arrangements were suggested by British Oxygen Co. Ltd.	July, 1967.
(4) BOC tendered quotation.	May, 1968 valid upto 30-9-1968.
(5) C.C.I.E. was moved through D.G.T.D. .	June, 1968.
(6) D.G.T.D. cleared the item. . . .	15-3-1969.
(7) B.O.C. extended their offer which was valid upto.	31-3-1969.
(8) Import licence granted. . .	9-5-1969.
(9) B.O.C. further revised their prices.	July. 1969.
(10) Final purchase order issued. .	15-7-1969.
(11) Delivery time. .	9-10 months after 15-7-1969.

The facts disclosed by the Government are alarming. From the above explanation, it would be observed that it took Government 8-9

months to explore the possibilities of repairing the pump by its own efforts. The FACT should have decided beforehand whether they could do it or not. The Committee further note that 9 months were taken to get the quotation from B.O.C. The DGTD cleared the item finally on 15th March, 1969 *i.e.* after 7½ months and no action was taken by FACT after clearance on 15th March, 1969 for another four months *i.e.* till 15th July, 1969. The Committee regret that there was an avoidable delay in getting oxygen pump for 3 years which resulted in considerable loss of production. Apparently there had been lack of proper planning and coordination. The Committee cannot help observing that there was a laxity on the part of Ministry as well as the Undertaking in getting a new pump.

MARKETING

ORGANISATION

(*Paras* 4.17-18)

Recommendation (Serial No. 14)

In their recommendation in paras 4.17 and 4.18 of the 44th Report, the Committee observed that the expenditure incurred by FACT on marketing which was over 12 per cent of the sales value was somewhat on the high side.

While commending the work done by FACT in developing an elaborate marketing organisation in South India for the sale of fertilizers, the Committee felt that the expenditure on marketing Organisation had increased at a faster rate than the increase in quantum of sales would justify. There was, therefore, a need for critical study of the marketing Organisation and the expenditure incurred on it. The Committee felt that with the increase in volume, expenditure per tonne of sales could be brought down if a strict control was maintained over the marketing expenditure.

In reply the Government have stated as follows:

"The Committee of Directors appointed by the Board took special note of the observations made by the Committee on Public Undertakings and went into marketing Organisation, procedures, costs etc. in great detail. The Committee also studied the report of the Sivaraman Committee on Fertilizers.

In the light of the standards prescribed by the Sivaraman Committee in allowing distribution margins for various fertilizers, the Committee felt that the expenditure actually incurred by FACT in their marketing operations cannot be considered excessive. It was noted that the percentage had come down to 9.3 per cent in 1968-69 and with increased production, the proportionate cost of marketing was bound to go down. Thus for the year 1969-70 it was expected to work out to 8.7 per cent of the sales value.

The Committee commended that the Marketing Organisation has not only performed a difficult task efficiently but would need further expansion and strengthening to be able to cope with the problems that the company is likely to be faced in the immediate future. The pattern of marketing showed intensive development of the whole of Kerala and Tamil Nadu. In the past years the production of the factory was not adequate to cover a large area put-with increasing supplies, marketing activity has been extended to other areas of Mysore and Tamil Nadu and also to Andhra Pradesh. The growth of the marketing Organisation has been no more than in keeping with the present and anticipated increase in the production consequent upon the expansion programme of the company.

The company has organised a number of mixing centres (NPK Mixtures) in Kerala, Tamil Nadu and Mysore and has taken up a market development programme of Urea which is to be manufactured by the Cochin unit of Company from 1971 onwards."

The Committee note that the Government have requested the Comptroller & Auditor General of India to take up the working results of the FACT for review by the newly constituted Audit Board.

As the expenditure on marketing organisation had increased at a faster rate than the increase in quantum of sales could justify, the Committee, therefore, suggest that the marketing organisation and the expenditure incurred on it may also be reviewed by the newly constituted Audit Board and the report of the Audit Board be submitted to the Committee.

CONSUMPTION OF RAW MATERIAL

(*Para* 5.10 tó 5.19)

Recommendation (Serial Nos. 19 and 20)

In their recommendation in para 5.17 of the 44th Report, the Committee appreciated the difficulties in achieving the designed ratios for the consumption of raw materials because of poor quality of raw materials and power interruptions. But these could hardly justify the excess consumption of hydrogen gas equivalent to 7,000 tonnes of ammonia and of ammonia to the extent of 7,800 tonnes in converting to the various finished products. Even to a technical Committee (Sharma Committee) the loss of ammonia to this extent in 1,967-68 was rather 'baffling'. As pointed out in the Report of the Committee of Engineers (P. G. Menon Committee) there were various defects in operation which had contributed to the higher consumption of raw materials. The Committee hoped that the recommendations of the two technical committees would be implemented to save FACT from avoidable loss due to very high consumption of raw materials.

In para 5.19 the Committee observed that control over consumption of raw materials left much to be desired. The management must be receiving reports of daily consumption of raw materials. The Committee could not understand as to why the Management did not take timely action to reduce the over-consumption of raw materials but had to wait for the Auditors and the Sharma Committee to highlight this fact. They desired that constant watch over the consumption rates of various raw materials should be kept and whenever any major variations were noticed as compared to designed ratios, prompt steps should be taken to locate the reasons for higher consumption with a view to taking immediate remedial measures.

In their reply, the Government have stated as follows:

> "The loss of ammonia in the course of conversion has been a matter of serious concern to the Management for the last 2 years. All along, various methods have been tried to see whether this consumption could be checked to optimum levels. After the Sharma Committee and the P. G. Menon Committee went into this question all the recommendations made by them were accepted by the Management and almost all of them have been implemented. Besides these, Management has of its own put into effect various other measures, all of which have contributed to the improvement as may be seen from the statement annexed indicating the progress made in controlling consumption of raw materials in comparison to the design ratio with actuals 1967-68, 1968-69 and five months of 1969-70. The consumption of raw materials is watched by Management through standard costing and monthly variance reports. The ratios are also watched monthly and discussed in Management meetings of the production units concerned.

	Design	1967-68	1968-69	1969-70 5 months
Naphtha to Gas	0·382	0·404	0·395	0·391
Hydrogen to Ammonia.	2·133	2·822	2·253	2·223
Sulphur to Sulphuric Acid.	0·344	0·345	0·345	0·345
Rock to Phosphoric Acid.	3·320	3·480	3·460	0·490

	Design 1967-68	1968-69	1969-70	5 months
Ammonia to Sulphate . .	0·275	0·342	0·280	0·281
Ammonia to Phosphate. . . .	0·201	0·214	0·212	0·218
Sulphuric Acid to Ammonium Sulphate	0·765	0·772	0·769	0·769
Sulphuric Acid to Ammonium Phosphate. .	0·420	0·428	0·425	0·427
Phosphoric Acid to Phosphate. . .	0·217	0·224	0·220	0·221

The Commitee are not convinced with the reply furnished by the Government. In their earlier recommendation the Committee desired that constant watch over the consumption rates of various raw materials should be kept and whenever any major variations were noticed as compared to designed ratios, prompt steps should be taken to locate the reasons for higher consumption with a view to taking immediate remedial measures. The Committee feel that the Management should have taken remedial measures long before. They recommend that early steps should be taken to arrive at the design ratios.

WORKING RESULTS

(*Paras* 7.8—7.12)

Recommendations (Serial Nos. 27(i), 27(ii) and 28.

The Committee had observed in their Report that one of the reasons which affected the working results of FACT was laxity of control over expenditure.

The Committee also felt that there was no justification for such large expenditure on travelling, exhibitions|fairs, maintenance of Guest House etc. under the present circumstances when the financial results of FACT could hardly be considered satisfactory. The Committee recommended that there was need for all round economy and greater control over expenditure to improve its working results.

The Committee expressed their regret that the Financial Manager was not consulted as he ought to have been before any expenditure was incurred.

In view of the above observations and recommendations of the Committee and in view of the criticism made in Parliament on several occasions regarding the working of the Company, the Government have in its wisdom entrusted the review of the accounts and the working of the company to the newly formed Audit Board under the C&AG, with a view to bringing out in detail the defects in the

working of the company and by enabling Government to take appropriate remedial measures. The Committee welcome the decision of Government. The Committee expect themselves to be informed of the results of the review of the accounts and of the working of the company by the Audit Board and the action taken by the Government thereon.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1)

The Committee are not happy over the position of supply of power to F.A.C.T. It is strange that while earlier the State Government was anxious to have a 100 MW thermal power station, the scheme was not approved by the Central Government. Now that the Central Government has approved the installation of a 55 MW thermal power station, the State Government does not appear to be keen to set it up. The result is that the absence of steady power supply has greatly affected the industries in the region including FACT. The Committee therefore desire that the Central Government should actively pursue the question of early installation of a thermal power station with the State Government. The Committee hope that the State Government would take necessary steps to set up the thermal power plant even at this belated stage so that the Cochin based industries do not have to depend on the vagaries of nature. (Paragraph 2.17).

Reply of Government

The Government have taken up the matter with the concerned Central Ministry and the State Government emphasising the need for early installation of the thermal power plant. The matter is being pursued.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969].

Further information called for by the Committee

Please state the latest position regarding the installation of a thermal power station in the Cochin Area.

[Lok Sabha Sectt. O.M. No. 19-PU|69 dated the 11th February, 1970]

Reply of Government

Ministry of Irrigation & Power have taken up the matter with the State Government of Kerala. In view of the improved position of power in Kerala, it is doubtful if the setting up of a thermal power plant can be given a high priority. However, the matter is being pursued with the State Government with a view to arriving at a final decision in the present context.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 12th March, 1970].

Recommendation [Serial No. 2(ii)]

The Committee have pointed out other instances also where the projects in the first instance or after expansion could not be commissioned due to lack of power supply. The Committee suggest that no project or expansion of a project should be undertaken in future unless power supply is assured with a guarantee where it is to be supplied by another authority to the project. (Paragraph 2.19).

Reply of Government

The Projects are invariably sanctioned only after obtaining an assurance from the concerned authorities for power supply when it is required. However, neither the project authorities nor the power supply authorities could anticipate delays three years ahead. It is the unforeseen circumstances in each case that lead to delay in completion of the power project or the project itself. However the suggestion of the Committee has been noted. The Committee's observations have also been brought to the notice of the Bureau of Public Enterprises for appropriate action.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969.]

Recommendation (Serial No. 9)

It is conceded that the power interruptions cause some damage to the plant. But it is difficult to agree that they caused shut downs to the extent of 19,847 hours in 1967-68. The Committee were assured that the shut downs were not due to defects in design or use of sub-standard material for the plant. In that case the Committee feel that the breakdowns could have been avoided to a large extent by proper maintenance of the plants. As pointed out by the two technical committees, there were deficiencies in the maintenance of the plants. FACT's Auditors have also pointed out that the general maintenance of the machinery had not been up to the mark and that it needed closer attention to avoid frequent break downs. The Committee expect that in future proper attention will be paid by Management for maintenance of the Plant. (Paragraph 3.18).

The Committee trust that with the reorganisation of the maintenance department, greater attention will be paid to maintenance. It needs no emphasis that continuous production depends to a large extent on the attention paid to the maintenance of equipment according to a properly planned and coordinated schedule. The Committee expect that this aspect will be given its due weight by the Management in future. (Paragraph 3.20).

Reply of the Government

The wishes of the Committee have been noted by Management. However, it may be stated that Sharma Committee that went into the question of maintenance in FACT has recorded as follows:

> "The study group observed that in general the plants were being kept fairly well maintained and the maintenance work in each plant has been properly scheduled according to the manufacturer's recommendations and experience gained from time to time."

All the suggestions made by the Sharma Committee in regard to maintenance have been implemented.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969].

Recommendation (S. No. 10)

The Committee view with concern the high cost of production at FACT. As pointed out in para above one of the reasons for high cost of production is the heavy incidence of factory overheads and administrative expenses which are much higher than the standard cost fixed by the Management. The Committee feel that there is an imperative need for analysing the reasons for high cost of production and for taking effective steps to bring it down. (Paragraph 3.27).

Reply of Government

While fixing standard costs in 1966, the management took into account optimum production at design ratios because other standards were not available. Plants could not, however, operate to design ratios because of power interruptions, salinity, poor quality of raw materials, etc. In other words, the plants did not have the conditions they were designed for to operate. Further, the steam efficiency had to be reckoned only at 294 days and not 330 days as pointed out in the Sharma Committee report. These factors affected comparative levels of production. In fertilizer plants, fixed costs form a high percentage of cost. So when production is low this has to be absorbed by the quantity of products available by raising costs. This can be seen by comparing levels with costs:

	1967-68		1968-69		
	%	Cost/MT	%	Cost/MT	
Ammonia .	64·0	605·15	71·5	588·35	
Amm. Sulphate— Direct					
Neutral		521·06		481·17	(variation and rise by
Gypsum .	54·0	392·06	52·0		Rs. 61 due to rise
Process .		392·06		341·81	of price of raw materials.)
Amm. Phosphate	46·5	745·04	48·6	628·44	
Amm. Chloride .	50·0	577·79	50·0	672·52	

Even in 1968-69 the production levels, though higher than previous years, were not high enough to reduce cost perceptibly. Increases in prices also set off part of the advantage gained from higher production.

As indicated above, standard costs were fixed on design ratios. It was not possible to fix a fair but sufficiently high standard till the plants had operated to satisfactory levels over a period. The variations indicated by the present standards may not have been so steep if it were possible to fix standards suitable to the existing operating conditions.

However, the obseravtions of the Committee have been noted by the management and efforts will be made to bring down the cost of production.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 9th January, 1970].

Recommendation (Serial No. 11)

The Committee also feel that if the standard cost fixed by FACT are to serve any purpose, the reasons for variation between the actual cost of production and the standard cost fixed for each item should be reviewed periodically with a view to locating the causes therefor and to take prompt remedial measures. (Paragraph 3.28).

Reply of Government

Noted.

Variations between standard costs and actuals are reviewed by the management every month.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 9th January, 1970].

Recommendation (Serial No. 12)

The Committee feel that it would be useful for a public undertaking to have comparative figures from other undertakings in the same industry about various aspects of their working like consumption of raw materials, cost of production, overhead expenses, marketing expenditure etc. This would enable them to make a comparative study and to take proper remedial measures in cases where any deficiencies were noticed. As stated by the Seceretary of the Ministry during evidence before the Committee, there should be no difficulty in a public undertaking getting such information from another sister concern. If need be, the administrative Ministry concerned could be approached for this purpose. (Paragraph 3.33).

Reply of Government

Noted. The FCI and FACT have been advised suitably.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 9th January, 1970.]

Recommendation (Serial No. 13)

The Committee also feel that the project units in the administrative Ministries should make comparative studies of important aspects of the working of different units in the public sector in the same industry to locate areas of weaknesses. These could then be brought to the notice of the undertaking concerned for corrective action. (Paragraph 3.34).

Reply of Government

The Committee's recommendation is noted. In fact this is an aspect on which a constant and continuous study is necessary and in this direction certain steps have already been taken or initiated and the studies will continue. The project cell keeps in touch with the fertilizer units to determine deficiencies in operations and advise correct action where necessary. Towards this end periodicals reports on loss of production are analysed under various heads such as shortage of raw materials (maintenances, labour etc.).

The investigations of the above nature in which the Project Cell took part during the last four years are listed below:

1. Participation in the discussions on steps required to be taken to improve the production and operational efficiencies in the plant of FACT, Alwaye by effecting modifications in the plant.
2. Study and recommend remedial actions to overcome the problems in removing excessive benzol from raw synthesis'

gas and improving the overall operational efficiency of the plant at Neyveli.

3. Study the reasons for the explosion in the reformer section of the Rourkela fertilizer plant during trial runs and recommend steps to be taken to bring the reformer on stream as early as possible.
3. Study the reasons for the explosion in the reformer section actual defects to be rectified to increase the production rate of the plant at Trombay to the design capacity and follow up action in the implementation of the suggestions for improvement from time to time.
5. Participation in the discussion on continued and stabilized power to the fertilizer plants at Nangal, Vizag, Baroda and Namrup.
6. Negotiations with the Kerala State Electricity Board for improving the power supply to FACT Alwaye.
7. Participation in the investigations into the explosion in the ammonia unit of the fertilizer factory at Kota and suggestions on remedial action to be taken.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 12th March, 1970].

Recommendation (Serial No. 17)

The Committee find that even if the slow moving spares were excluded, the value of stores and spares was quite high (Rs. 297.08 lakhs) and was equivalent to about 30 months consumption in 1967-68. (Paragraph 5.5).

The Committee trust that the review of all the stores would be completed expeditiously and action taken to dispose of the surplus items in order to reduce the inventories. They also hope that the system of procurement of stores would be so organised as to ensure that the stores in excess of the laid down reasonable quantities are not accumulated. (Paragraph 5.7).

Reply of Government

A committee consisting of a Stores Officer and a Finance Officer has been constituted to go into this question and is working on it. The items valued at Rs. 10,000 or more and which had not moved for 5 years or more total up to a value of Rs. 30.75 lakhs. Of these, the committee found items of the value of Rs. 16.86 lakhs as obsolete|surplus. The recommendations made by the Committee on indenting etc. are being implemented.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Fert. I-1(18)|69 dated the 6th November, 1969].

Recommendation (Serial No. 21)

The Committee do not consider it conducive to effective management of a large and complex business enterprise like FACT to have such a preponderance of officials on the Board of Directors. Persons on the Board of Directors should mainly be those who have experience of the industry or special knowledge of commercial, financial and administrative matters or of labour management. (Paragraph 6.6).

Reply of Government

The Board of Directors of FACT is being reconstituted. It has become necessary to amend some of the Articles of Association of the Company for the purpose. This will take some time. The observations of the Committee on Public Undertakings will be kept in view in reconstituting the Board.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969.]

Recommendation (Serial No. 22)

The Committee also find that at present only the Managing Director is a full time member of the Board. With the large expansion of FACT they feel that it would be useful to appoint one or two full time functional Directors. The Committee, therefore, desire that the composition of the Board of Directors might be reviewed to make it more effective and business like. (Paragraph 6.7).

Reply of Government

Steps are being taken to appoint one or more full time members on the Board of Directors apart from the present Managing Director. The Articles of Association of the Company are being amended to provide for the appointment of full time Functional Directors on the Board.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969.]

Recommendation (Serial No. 24)

The Committee realise the difficulties in retrenching the unskilled persons employed by FACT in the past. However, what is surprising is, that there has been a continuous increase in the category of semi and unskilled workers. Further, in spite of having a large number of semi and unskilled workers, there were 330 workers employed on daily wages. The number of semi, unskilled and daily workers having this reached 1719 which was 56 per cent of the persons in all the other categories. The Committee therefore desire that the need for having daily wage workers in addition to a large number of semi and unskilled worker should be reviewed. (Paragraph 6.16).

Reply of Government

The reasons for a high figure in the semi and unskilled category is multiplicity of the plants and the fact that the first plant of FACT was based on fire-wood and this plant employed a large number of workers for handling fire-wood. There has been an increase of 264 workers over a period of 3 years. Of this, 143 are in the Marketing Division mainly due to opening of new offices, mixing centres, etc. 49 are in the security for the same reason. The balance of 72 are spread over all other departments|plants.

The strength of the various departments/plants was fixed on the basis of studies conducted by the Industrial Engineering Department of the Company. The position will, however, be reviewed in the light of the Committee's observations.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 9th January, 1970].

Recommendation (Serial No. 26)

In view of the statement made by the Managing Director before the Committee and considering the autonomy granted to the public undertakings in making appointments, the Committee do not consider it necessary to go into individual cases of appointments of persons without advertisement or of retired persons/deputationists, etc. They would, however, stress that the success of any undertaking largely depends on the persons manning it. The persons who have the authority to make appointments should so act as to avoid any criticism on the score of favouritism in making appointments. (Paragraph 6.22).

Reply of Government

The observation of the Committee has been noted by the management.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969].

Recommendation [Serial No. 27(i)]

The Committee find that one of the reasons which affected the working results of FACT was laxity of control over expenditure. (Paragraph 7.8).

Reply of Government

Government of India have requested the Comptroller and Auditor General of India vide letter No. Ferts. I-1|36|69 dated September 20, 1969 (copy enclosed) to take up the company for review by the newly constituted Audit Board (Appendix I).

Recommendation [Serial No. 27(ii)]

The Committee do not question the objective of expenditure on such items like travelling, exhibitions|fairs, maintenance of guest house etc. But they see no justification for such large expenditure on these items especially under the present circumstances when the financial results of FACT can hardly be considered satisfactory. It was admitted by the Secretary of the Ministry during evidence that such large expenditure need not have been incurred on travelling and fairs. Evidently there is need for all round economy and greater control over expenditure to improve its working results. (Paragraph 7.9).

Reply of Government

A Committee of Directors constituted to examine the prevailing systems, procedures, budget control, need for greater control over expenditure etc. has recommended certain measures for proper budgeting and expenditure control. The recommendations have been accepted by the Board and are under implementation by the management.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969].

Recommendation (Serial No. 28)

The Committee regret to note that the Financial Manager was not consulted as he sought to be before any expenditure was incurred. It is however strange that this fact was not mentioned by the Financial Manager in any of the Quarterly Financial Reviews submitted by him to the Board of Directors|Government during the last three years. He has also not pointed out any case, where in his opinion, there was excessive expenditure and scope for economy. Some such instances pointed out by the Auditors of FACT did not find a place in the Quarterly Financial Reviews. In fact, these Reviews were not as comprehensive as they ought to be. The Committee desire that on the lines of the instructions issued by the C&AG to the Company Auditors, Government should issue suitable instructions to the public undertakings about the main items which should be included in the Quarterly Financial Reviews. (Paragraph 7.12).

Reply of Government

The Quarterly Financial Reviews were being submitted by the Managing Director till 1966. In that year, an officer of the Indian Audit Department was appointed as the Finance Manager and thereafter he began sending these Reviews. However, the position of the Finance Manager in FACT is not exactly the same as that of a Finance Adviser in other public undertakings. A Committee of Directors was appointed by the Board of Directors to look into the question of financial control and discipline. A number of recommendations have been made by this Committee. These suggestions are being given a trial.

A copy of the above recommendation of the Committee on Public Undertakings has been forwarded to the Ministry of Finance| Bureau of Public Enterprises for issuing suitable instructions to all concerned.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969].

Recommendation (Serial No. 29)

The Committee also trust that the Committee of Directors appointed to study the scope for economy in expenditure will examine in detail the expenditure on various items to locate the areas where economies can be effected. It should also review the present procedures and suggest suitable changes for ensuring greater control over expenditure. (Paragraph 7.13).

Reply of Government

The Committee of Directors that went into this matter has made certain recommendations for proper financial control and discipline in the company. These are under implementation.

It may also be pointed out that Government have requested Comptroller and Auditor General of India to arrange a tan early date a review of the company by the newly constituted Audit Board.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969].

Recommendation (Serial No. 30)

It is unfortunate that due to some reason or the other there have been delays in the construction schedule of the Cochin Fertilizer Project. The delays in construction result in considerable loss of production and increase in capital cost. The Committee therefore desire that every effort should be made to commission the plant as early as possible. (Paragraph 8.10).

Reply of Government

Noted.

Strenuous efforts are being made for speedy implementation of the tation of the project.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 9th January, 1970].

Recommendation (Serial No. 32)

The Committee hope that the Government would ensure that engineering capabilities of FEDO and other such organisations are fully utilised by the fertilizer industry, so that there are no avoidable payments in foreign exchange for acquisition of machinery and services available within the country. (Paragraph 8.17).

Reply of Government

The recommendation of the Committee has been noted.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) A.M. No. Ferts. I-1(18)|69 dated the 20th January, 1970].

CHAPTER III

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

(Recommendation (Serial No. 3)

The Committee regret to note that the prescribed procedure of approaching the local manufacturers first was not followed by FACT before asking the DGTD for clearance which resulted in avoidable delay in the issue of an import licence for certain equipment required for the Fourth Stage Expansion. (Paragraph 2.26).

Reply of Government

Before the agreement with Hitachi became effective FACT had the necessary information only on a portion of the items for approaching indigenous manufacturers.

In the case of boilers and superheaters, the specifications from Hitachi came only in May, 1967 after the contract became effective in March, 1967. Enquiries to local manufacturers were sent out in May itself. Since no suitable offer was received, the Company moved DGTD again in September, 1967.

Even when DGTD was moved earlier in February, 1967 it was known that there was no manufacture indigenously of waste heat boilers and superheaters for this type of application, but the justification as required by DGTD could be given only after full details were obtained from Hitachi and indigenous market actually tested.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 6th November, 1969].

Recommendation (Serial No. 4)

The Committee are concerned over the inordinate delays in construction of Fourth Stage Expansion. Not only there was delay on the part of the State Trading Corporation to issue import licence for steel plates and tubes, but it had also taken the Government more than two years to release foreign exchange of Rs. 25.04 lakhs required for import of instruments, boilers etc. This would not only result in loss of production due to delay in commissioning of the plant but also avoidable drain on foreign exchange for importing the required fertilisers to meet the shortage. It was admitted by the Secretary of the Ministry during evidence that the case could have been handled more expeditiously on the whole and the delay of two years was a matter for serious concern. There had also been some 'slippage' in so far as clearance from the indigenous angle was concerned with the result that even though the British credit had been allocated for the import, the actual orders had not been placed. The Committee desire that the matter should be looked into and action taken against the delinquent officials. (Paragraph 2.29).

Reply of Government

The foreign exchange of Rs. 25.04 lakhs was required for phosphoric acid concentration plant for producing higher grades of ammonium phosphate such as 25:25, 28:28 etc. Strictly speaking, it did not form an integral part of the Fourth Stage Expansion which envisaged additional production of ammonium phosphate of 20:20 grade which could be produced by the modification of the existing plant. It would therefore not be correct to conclude that the delay in the release of foreign exchange of Rs. 25.04 lakhs would result in loss of production or lead to avoidable drain on foreign exchange for importing the required fertilizers. The 20:20 grade ammonium phosphate can be produced irrespective of the phosphoric acid concentration plant and in fact will be produced without waiting for the concentration plant.

2. In so far as the delay in the release of Rs. 25.04 lakhs in foreign exchange is concerned, it was due to the acute shortage of free foreign exchange prevailing for the last few years necessitating a search for alternate sources like foreign credits to meet the cost of the imported equipment.

3. No individual officer/officers could be held responsible for the acute shortage of free foreign exchange and as such no action against such officer/officers could be taken.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 9th January, 1970].

Recommendation (Serial No. 5)

It appears that the procedure for release of foreign exchange also requires to be streamlined. The request for foreign exchange should be balanced with the cost of imports needed to make good the loss of the indigenous production resulting from non-commissioning of plant for want of some imported equipment. Such cases should therefore get top priority. The possibility of making even free foreign exchange available to the public undertakings for a fixed period should also be considered to avoid such delays. (Paragraph 2.30)

Recommendation (Serial No. 31)

The Committee have noted with regret the inability of the Government to release free foreign exchange for import of equipment for this project with the result that the equipment had to be purchased from the countries whose Governments had granted credit facilities. This had resulted in extra expenditure of 20 per cent in import of equipment. The Committee are not sure whether non-release of free foreign exchange leads in each case to such excessive increase in the price of imported equipment when it is obtained under credit facilities. The Committee feel highly concerned about this oppressive burden which the public undertakings are called upon to bear due to lack of free foreign exchange. They would suggest Government should make an all out effort to find a solution to this problem (Paragraph 8.11).

Reply of Government

In view of the prevailing scarcity of free foreign exchange, it is not always possible to get free foreign exchange released, even for top priority projects. To meet the pressing requirements of such projects, recourse has to be taken to credit facilities offered by foreign suppliers and foreign Governments. In the context of this position, some extra expenditure on equipment required to be imported from abroad appears inevitable. However, Ministry of Finance have been requested to examine the matter further as indicated by the Committee.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 9th January, 1970].

Further information called for by the Committee

The Government in reply to the above recommendations have stated that they have requested the Ministry of Finance to examine the matter further regarding release of free foreign exchange. The Committee would like to be apprised of the result of the examination of the matter by the Finance Ministry.

(Lok Sabha Sectt. O.M. No. 19-PU/69 dated the 11th February, 1970).

Reply of Government

The Ministry of Finance have *inter alia* stated as under:

"Basically, our situation has been that for the large scale development efforts that have been made in the Plans, our resources have been inadequate. We have therefore, been taking such external assistance as has been available. During the Second Five Year Plan, 21 per cent of the Total Plan investment was financed with external assistance. If we add the amount of sterling balances that we used in the same period, the external component of the investment amounted almost to 30 per cent. During the Third Plan period, the share of foreign aid in our investment has been as much as 24 per cent. In the three annual plan periods also (viz. 1966-67, 1967-68 and 1968-69) we had to rely on external assistance to a large extent. In fact, on account of the severe drought and the need to import foodgrains on a very large scale, we were facing an acute position. Our export earnings, after providing for obligatory debt service payments, hardly sufficed for financing one half of our imports. The position was such that we had to import foodgrains to prevent starvation, import fertilizers to increase agricultural production, import raw materials like sulphur, rock phosphate etc. for producing fertiliser in factories already set up, import plant and machinery for setting up new fertiliser factories and import raw materials and components for manufacturing parts of plant and machinery for setting up the fertilizer factories. Since development effort implies such concentration of large scale effort all along the line and similarly in all priority fields of development, it will be understandable that our own export earnings cannot finance all this effort. Thus arises the need for obtaining external assistance and to use it wherever such assistance can help us in the wide range of essential imports.

* * * *

The Committee have suggested that a procedure should be considered for release of foreign exchange to the public undertakings for a fixed period to avoid delays. As far as possible, cases for allocation and release of foreign exchange for priority investments are handled as special cases. In the case of the Durgapur and Cochin projects also this was done at a fairly early stage. However, when imports were desired against particular credits, there were certain delays in the availability of credits. There were also constraints on the additional availability of free foreign exchange, as indicated below.

* * * *

The point made by the Committee that requests for foreign exchange should be balanced with the cost of imports needed to make good the loss of indigenous production resulting from non-commissioning of plant for want of some imported equipment is noted."

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69 dated the 12th March, 1970].

Recommendation (Serial No. 6)

The Committee are concerned over the loss of production due to power interruptions. The fact that the steps taken during the last one year have resulted in reducing the power interruptions prove that the difficulties in solving this problem are not insurmountable. It, however, appears that earlier neither the State Government realised the seriousness of the situation nor was the matter actively pursued with them either by FACT or the Central Government. Had this been done, the Committee see no reason why it should not have been possible to solve this problem of power interruptions. (Paragraph 3.5)

Reply of Government

The Committee have observed that actual production during 1967-68 was lower than the original and revised targets fixed by FACT. This has resulted in loss of production. It has been observed that the shortfall in production was due to power interruptions but the seriousness of the problem was not realised by either the State Government, the FACT or the Government of India.

It will not be fair to say that no timely action was taken in regard to power interruptions. In March, 1966, the FACT informed Chairman, KSEB that the III stage units under commissioning were getting damaged due to the interruptions, and a detailed report was submitted by FACT to KSEB in August, 1966. KSEB was addressed by FACT again in September, 1966, October 1966 and January, 1967 in the matter. In November 1966 the Minister of Petroleum and Chemicals took this up with the Ministry of Irrigation and Power and in January, 1967 the Ministry of Petroleum and Chemicals took this up demi-officially with the Adviser to the Government of Kerala. Further reports were sent periodically to KSEB and the matter was constantly before the Electricity Board as FACT engineers continuously kept conveying telephonic messages and complaints.

In 1967 the Government of Kerala appointed a one-man commission and its recommendations came in August, 1967. In fact, FACT had, prior to this, suggested getting an expert to study the problem, and had even agreed to bear half the cost of such study.

In June, 1968 on the request of FACT, a meeting was convened by the Minister of Electricity, Kerala along with other major consumers and it was decided to form a technical committee to discuss problems, go into them and suggest remedies. This Committee also brought the Indian Institute of Science to look into it.

The above would go to prove amply that no efforts were spared to pursue the matter vigorously. Solution of such a problem takes time as it involves procurement, and installation of equipment which is a time consuming process. Some of the equipment take long periods for delivery. It may be noted that there has been some improvement but the problem has not yet been fully solved. Efforts to secure further improvement continue.

[Ministry of Petroleum and Chemicals, Mines and Metals (Department of Chemicals) O.M. No. Ferts I-1 (18)|69, dated the 6th November, 1969.]

Recommendation (Serial No. 7)

In the face of the findings of an expert Committee (Sharma Committee) which also included an officer of FACT, and which submitted its report when actuals for 11 months for the year 1967-68 were available, the Committee find it difficult to accept the contention of the Management that the loss of production in ammonia plant due to power interruptions was to the extent of 65 days production as against 16 days assessed by the Sharma Committee. The Committee have not been informed of any fresh facts which have come to the notice of management on the basis of which it had come to a different conclusion than that reached by the Sharma Committee. As pointed out by the Commitee in subsequent paras of this Report there were several operational deficiencies like high consumption of raw materials, large down-time of plant and machinery, etc., which affected production on the plant. The Committee, therefore, desire that instead of explaining away of shortfall in production in reference to power interruption alone, proper remedial measures should be taken by the Management to improve production and achieve the rated capacity. (Paragraph 3.9).

Reply of Government

The Committee has taken the view that in the face of findings of an expert committee including an officer of FACT when 11 months' actuals for 1967-68 were available, it cannot accept the company's submission that loss of production of ammonia due to power interruptions was 65 days as against 16 days assesed by the Sharma Committee.

As seen from appendix to the report, the Sharma Committee assessed production loss due to power interruptions as follows:

"8. Power interruptions—interruptions which caused shutdown of generators during the past 2 years were as follows:

1966-67	II Stage	41
	III Stage	46
1967-68	II Stage	15
	III Stage	16

Interruptions cause a production loss of 6—24 hours depending upon nature and duration. Assuming that interruptions will be no more than 16 in a year and average loss would be 15 hours:

$$\text{Overalltime loss } \frac{15 \times 16 \times 200}{24 \times 235} = 9 \cdot 3 \text{ days."}$$

As per the data given to the Parliamentary Committee on Public Undertakings, it had been indicated as follows (addl. information dated 8th March, 1969):

	Power Failure	Voltage drops
1967-68	63	59

Firstly it appears that the Sharma Committee have only taken into account the major failure in the period covered by them. Minor interruptions and voltage drops also affect production, though not to the extent given by this Committee.

Secondly, taking a cue from the improvement in 1967-68 they have assumed an average under optimum conditions. It may be recalled that they took 9.3 days production loss from an average of 16 interruptions assumed only to assess stream efficiency. Thus this assessment assumes normalcy in power supply.

The Sharma Committee has not taken 16 days loss of production. They have assumed 16 interruptions in a year at an average loss of 15 hours, *i.e.*, 9.3. days loss only.

The figures quoted by the Sharma Committee for 1966-67 and 1967-68 and our figures for 1967-68 will show that the above assessment is taken for the year under discussions. Their calculation can only be taken as part of their assessment of stream efficiency of 317 days which has been indicated by them as the best possible.

Action has been taken on all the recommendations of the Sharma Committee as well as on those of the technical (internal) Committee suggested by them. Most of the recommendations have been implemented as well.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 9th January, 1970.]

Recommendation (Serial No. 15)

In this connection the Committee find that FACT has established its regional offices even at places where there was not much sales activity, *e.g.*, in Delhi and Bombay. The Secretary of the Ministry admitted during evidence that Delhi and Bombay were two places where, perhaps existence of these offices could be objected to and the Ministry had suggested it to the Committee of Directors, appointed by FACT to study the scope for economy in expenditure to go into the necessity of these two offices being continued.

The Committee trust that early steps will be taken to bring down the marketing expenses. (Paragraph 4.19).

Reply of Government

The Regional Sales Manager at Delhi coordinates the work of selling chemicals *viz.*, Ammonium chloride, sulphur dioxide and ammonia in 12 States, *viz.*, Maharashtra, Gujarat, M.P., U.P., Rajasthan, Orissa, West Bengal, Assam, Nagaland, Punjab, Haryana, Delhi, Jammu and Kashmir, Tripura and Manipur. He maintains liaison with the Company's customers, periodically visit centres of distribution, solves their problems, removes bottlenecks and above all maintains proper customer relations. This is very important in view of the competition in the market. Delhi is considered the most suitable and central place in the Northern region for maintaining liaison with the different States. Ammonia and sulphur dioxide are sold in large quantities in the Northern region. The total value of their products sold in the Northern region in 1968-69 was Rs. 51 lakhs as against a total of Rs. 88 lakhs for the whole of India. Ammonium chloride is of the most profitable products of the Company. Liaison work in Delhi with Ministries of Petroleum and Chemicals, Finance, Commerce and Department of DGTD, DGS&D and CCI&E etc., are attended to by the Regional Manager. It is in the interest of the company to have a regional office in Delhi. Bombay regional office is responsible for arranging urgent local purchases; clearing and forwarding goods received through Bombay; chasing orders placed on various firms for supply of materials, equipment, etc. Work load in Bombay office has considerably increased after work on Cochin project was started and the FEDO was set up.

The Committee of Directors which went into the question of necessity of these offices has come to the conclusion that it would be in the interest of the Company to continue to have these Regional Offices.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 6th November, 1969.]

Recommendation (Serial No. 16)

As a commercial concern, FACT has to see that any agreement entered into by it is to its advantage and enforced to safeguard its interests. But in the case of the agreement entered into with Mannam Sugar Mills Cooperative Society, this was not the case. What is difficult to understand is that in spite of repeated comments of the auditors and even after the resolution of the Board of Directors authorising the Managing Director to take appropriate measures to obtain the necessary security from this Society no action was taken to secure the amount outstanding against the Society which amounted to Rs. 6,13,512 as on 31st December, 1968. The Committee are concerned to note that as pointed out by Additors of FACT the financial position of the Society has gone from bad to worse. As on 30th June, 1967, the total loss carried forward amounted to Rs. 87.50 lakhs thereby completely wiping out the paid up share capital of Rs. 40.86 lakhs and leaving no cushion whatsoever for the unsecured creditors. The Committee, therefore, cannot help concluding that in the present case the Management did not act in the best interest of FACT.

The Committee hope that immediate steps would now be taken by the Management to safeguard the amount due from this Society. (Paragraph 4.32.)

Reply of Government

Mannam Sugar Mills Cooperative Society, Pandlam is a project in which State Government of Kerala are interested. Presently the Factory is being run by a Board of Directors nominated by the Kerala State Government.

The position of outstandings from Messrs. Mannam Sugar Mills Cooperative Society Ltd., Pandlam since 1965-66 is as follows:

Outstanding as on	31-3-1966	Rs. 5,52,850·16
	31-3-1967	Rs. 7,29,631·11
	31-3-1968	Rs. 6,03,787·16
	31-3-1969	Rs. 6,35,609·78

In their report for the year 1966-67 the Auditors suggested obtaining security for the amounts due. The matter was discused in the Board meeting held on 7th August, 1967 and the Managing Director was advised to obtain necessary security from the Society.

Some progress in recovery was, however, made in 1967-68. FACT received payments for nearly Rs. 2 lakhs worth of supplies made during the year in addition to payments that reduced the outstanding balance of Rs. 7.29 lakhs at the end of 1966-67 to Rs. 6.04 lakhs as on 31st March, 1968. The Society was also advised to maintain a separate account in respect of manures supplied by FACT, so that direct realisation of the sale proceeds could be effected.

FACT have now written to the Society demanding a guarantee from the Government of Kerala if further supplies were to be given to it. All credit supplies to Society have been stopped and supplies are being made only on the basis of cash payment.

Since the Government of Kerala are very much interested in the resuscitation of the Society, they wrote to FACT on 16th September, 1969 reqesting not to withhold further supplies. The request of the Kerala Government was considered by the Board in its meeting held on 27th September, 1969. The Board decided that it was difficult to resume supplies to the Society unless the Government of Kerala gave an assurance that payment for the supplies will be ensured by them. As per decision of the Board, the Managing Director had taken up the matter with the Government of Kerala.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 9th January, 1970).

Recommendation (Serial No. 18)

The Committee find that the average stock of finished goods on 1st January, 1969 was about 2.3 months production. Considering that FACT has a vast marketing organisation and the fertilizers were in short supply and also large quantities of fertilizers had to be imported every year to meet the internal demand the Committee feel that these stocks are high and the reasons for this need to be looked into. (Paragraph 5.9.)

Reply of Government

During off-season period the off-take of fertilizers is very small because the farmers do not need them immediately. The smaller traders cannot afford to hold stocks for long period. Further, fertilizers are no longer in short supply in the market area of FACT. Stock holding of 2 to 3 months production is not considered unreasonable by fertilizer units.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts I-1(18)|69, dated the 9th January, 1970].

Recommendation (Serial No. 23)

The Committee find from the Annual Report of the Coromandel Fertilizers Ltd., that the expenditure incurred by that Company on salaries and wages (including other welfare expenses) in 1967-68 was Rs. 97.80 lakhs i.e. 8 per cent of the value of production in 1967-68 as against Rs. 187.49 lakhs in FACT which works out to about 12 per cent of the total value of production. Thus the expenditure by FACT on salaries and wages was about 1½ times of that in Coromandel Fertilizers Ltd. (Paragraph 6.11).

It was contended by the Managing Director during evidence that the modern plants like Coromandel Fertilizers Ltd., could not be compared with FACT as these were more 'automatic instrument controlled'. The Committee, however, cannot ignore the fact that in FACT also a major portion of the plant and machinery was erected under the Third Stage Expansion which was commissioned only in 1966. The Committee therefore feel that there is scope for economy in expenditure on staff. (Paragraph 6.12).

As pointed out in para 4.10 of this Report, the expenditure in 1967-68 on salaries of staff employed for marketing was 3½ times of that in 1964-65 whereas the increase in sales during the corresponding period was only by 142 per cent. The Committee therefore feel that there is a need for review of the staff strength in the various Divisions of FACT. (Paragraph 6.13).

Reply of Government

The reason for a larger number of workers in the Udyogmandal Division compared to a unit like Coromandel is the multiplicity of plants. Udyogmandal Division has had three substantial expansions. with a fourth one due to be completed this year. Irrespective of the capacity of a plant a certain minimum staff is required to run it. This staff cannot be reduced when the production is low. In addition, there is a historical reason too. The first plant of FACT was based on firewood. This plant employed a large number of unskilled workers for handling firewood. When the process was changed, those who could be trained and absorbed in other areas were transferred accordingly, others stayed on as it was not possible to retrench a large number of workers who had done more than 15 year of service in the Company. However the Management has been making effiorts to reduce the staff and fix the strength on the basis of work study.

One of the criteria by which adequacy of staff could be measured is the percentage that the cost of staff bears to turn-over or cost of sales. There has to be a minimum staff in a chemical plant which cannot be reduced further irrespective of the level of production achieved. Therefore the expenditure on effective work force will be reasonable proportion of the total turn-over or cost of sales only when the plants work at optimum capacity. The figures of the Company in this regard for the last three years show a continuous improvement as production has improved year after year, as may be seen from the tables below:

Table I	Total salaries and wages.	Total turnover	Percentage
	(Rs. in lakhs)		
1966-67	151·97	1023	14·8
1967-68	186·29	1484	12·5
1968-69	229·46	1923	11·9

Table II

	Cost of sales (Rs. lakhs)	Direct Wage(%)	Total salaries and wages(%)
1966-67	703·09	17·21	21·63
1967-68	1081·18	13·32	17·12
1968-69	1444·27	11·63	15·82

The above conclusions were reached by the Committee of Directors appointed by the Board to consider *inter alia* this question.

It may also be mentioned that the strength of the departments was fixed on the basis of the studies conducted by the Industrial Engineering Department of the Company.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 6th November, 1969].

Recommendation (Serial No. 23)

The Committee feel that exact measurement and evaluation of the performance of the staff of FACT at all levels by an outside expert body is necessary so that extent of surplus staff is determined. This appraisal will also provide an unbiased yardstick for the management to judge the future performance and maintain control over the operations. (Paragraph 6.17).

Reply of Government

The strength of the departments was fixed on the basis of studies conducted by the Industrial Engineering Department of the Company. All studies were done with the cooperation of the trade unions.

The suggestions made by the Committee of Public Undertakings that an outside body may be invited to study the strength required by the Company is under examination.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 6th November, 1969].

Recommendation (Serial No. 33)

In the course of evidence before the Committee on the 18th February, 1969 the representatives of the Ministry of Petroleum and Chemicals promised to furnish information on certain points. A list of such points was sent to the Ministry on the 27th February, 1969. The Committee regret to note that in spite of reminders sent to the Ministry the required information was not furnished by the Ministry till the adoption of the Report by the Committee on the 11th April, 1969. In the absence of such information it has not been possible for the Committee to comment on certain aspects of the working of FACT. The Committee trust that in future the Government will not allow such a situation to arise. (Paragraph 8.18).

Reply of Government

List of points sent by the Lok Sabha Secretariat was received in the Ministry on 1st March, 1969. As information was not available in the Ministry, FACT was requested to send information on these points. The Lok Sabha Secretariat was informed on 6th March, 1969 that information was being collected. Information from FACT was received on 4th April, 1969 and reply sent to the Lok Sabha Secretariat on 14th April, 1969. The inconvenience caused is regretted.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1 (13)|69, dated the 6th November, 1969].

CHAPTER IV

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

Recommendation [Serial No. 2(i)]

The Committee feel that the Third Stage Expansion was illtimed. FACT depended solely on the indication given by the Kerala State Electricity Board in August, 1961, that they would be able to meet the requirements of power for the Third Stage Expansion without binding KSEB through an agreement for the supply of required power. But by 1962 the possibility of supply of additional power had become doubtful and KSEB informed FACT that they would not be in a position to give additional power from July|August, 1964 as desired by it. The supply of additional power even by the end of 1964 was subject to the condition that Sholayar Station was commissioned by that time. Considering that the Kerala State Electricity Board had not been able to meet the Company's requirements of power ever since the First Stage Expansion and that in 1962-63 itself FACT had suffered a loss in production worth Rs. 2.5 crores due to power cuts, the Committee feel that it should have examined carefully whether it was desirable to proceed further with its expansion programme unless there was assured power supply. Nor do the Central Government appear to have given proper consideration to this aspect before advancing money for the Third Stage Expansion. Had this been done FACT would not have faced the problem of keeping the plant and machinery erected under the Third Stage Expansion idle for about 1½ years resulting in unnecessary locking up of a capital of Rs. 12 crores besides additional expenditure on staff, interest charges etc. (Paragraph 2.18).

Reply of Government

In June, 1961 FACT had written to the KSEB and Kerala Government indicating their expansion programme in the III Plan as also their requirements of additional power. The KSEB indicated in August, 1961 that they would be able to meet the power requirements of FACT. The Kerala Government intimated in September, 1961 the rate that would be chargeable on the additional demand of power in January, 1962. It was on this understanding that the Government of India approved the expansion programme.

All import licences were received by 30th August, 1962. In June, 1962, FACT had written to the KSEB indicating that the delivery schedule for the plants showed completion at site by middle of 1964 and of erection by the end of 1964. FACT accordingly indicated power requirements on a schedule basis. In September, 1962 KSEB indicated a delay of only 6 to 7 months in supplying additional power subject to the Sholayar Project coming on line. Hence by 1962 there was no reason to assume serious delays. It was only in June, 1965 when FACT indicated rescheduling of power needs that KSEB reported a delay in the Sholayar Project as their suppliers had failed in their delivery schedule, and that hence the additional power needs could be met only after July, 1966 when two units of Sabarigiri Project were expected to come on line.

Development Programme are likely to be delayed if projects are cleared only after power requirements are actually available. In the complex industrial field some of the infrastructure facilities are provided by State Governments or other undertakings in most cases concurrently with the completion of the projects. These facilities are inter-related. The growth of one may depend on the growth of the other. Just as development of industries depends on the availability of power so does the generation of power depend on its demand by the industry. Both are, thus inter-dependent. In this context an industrial project and the power generation programme have to be processed simultaneously and so as to syncronize with each other but the possibility of one or the other lagging behind cannot be altogether ruled out.

Even assuming that the KSEB had been bound down to a guarantee clause, such a guarantee would not have been valid due to "force majeure" conditions which delayed the supply.

The Government of India had sanctioned the III Stage Expansion Scheme in January, 1962. At that time there was nothing to presume that the KSEB would not go by the schedule. On the contrary, there was very reason to believe that requirements of power would be fully met by the KSEB. At the time the III Stage Expansion was planned it was not possible for FACT, KSEB or the Government of India to anticipate that the power programme would not be maintained.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 6th November, 1969].

Recommendation (Serial No. 8)

The Committee are not satisfied with the explanation given for not keeping the emergency oxygen system in working order. They find that the oxygen pump went out of order in early 1966. Considering the large number of power interruptions which greatly affected production it was expected of the management to take immediate steps to bring the plant into working order. It, however, appears that steps were taken in this regard only after the Sharma Committee had pointed out the imperative need for it. The failure to keep the oxygen pump working during these years has resulted in considerable loss of production. The Committee trust that steps would now be taken to commission this plant and keep it in working order. (Paragraph 3.13)

Reply of Government

The pump went out of order in the latter half of 1966, when the III stage plants were being commissioned. FACT kept trying their best to repair and improve it locally so that it could come back on line along with the plant, but their efforts did not bear fruit. So in April 1967, Technical Chief of Indian Oxygen Ltd., was approached and he promised to send alternate designs and to negotiate with the suppliers to get their Engineers to see if pump could be put back on line. Alternate arrangement was suggested by British Oxygen Co. Ltd. in July, 1967. They advised the use of two sets of slower pumps and motors. After considerable correspondence with BOC on technical details etc. they tendered quotations (May 1968) valid upto 30-9-1968 for the replacement of the system. In June, 1968 CCIE was moved through DGTD for an import licence for the system valued at Rs. 3 lakhs. DGTD cleared the pump but refused to clear the motors from indigenous angle. The two indigenous manufacturers indicated by the DGTD were contacted by FACT and the DGTD was also informed that the pump was of a special design and that motors had to be imported along with the pump. The BOC revised their offer and intimated that if their pumps were used without motors to their specifications, they would not accept technical responsibility. They wanted clearance by February, 1969 and turned down the request of FACT, to extend the offer till March 1969. The matter was taken up and the DGTD cleared the item on 15-3-1969. B.O.C. were informed accordingly and they agreed to extend the validity of their offer upto 31-3-1969. The import licence was granted on 9-5-1969. But in July, 1969 BOC further revised their prices. The final purchase order was issued on 15-7-1969 and the delivery time is 9-10 months from the receipt of order.

It wil be seen that clearance took some time only because of Government policy of promoting use of equipment fabricated indigenously and behind this is the desire to save as much foreign exchange as possible. Order has been placed now and as soon as the pumps are received every effort will be made to commission the plant and ensure that it is kept in working order.

This sort of delays invariably occur when DGTD insists on one hand other indigenous clearance and on the other the supplier insist on taking no responsibility if the equipment is not supplied as an integral unit.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 9th January, 1970].

Recommendation (Serial No. 14)

The Committee cannot help concluding that the expenditure by FACT on marketing which was over 12 per cent of the sales value was somewhat on the high side. (Paragraph 4.17).

The Committee appreciate the work done by FACT in developing an elaborate marketing organisation in South India for the sale of fertilizers. They also realise the need for promotional and publicity work to educate the farmers about the use of fertilizers and their correct application. The Committee, however, feel that the expenditure on marketing organisation has increased at a faster rate than the increase in quantum of sales would justify. There is, therefore, a need for critical study of the marketing organisation and the expenditure incurred on it. The Committee feel that with the increas in volume of expenditure per tonne of sales could be brought down if a strict control is maintained over the marketing expenditure. (Paragraph 4.18).

Reply of Government

The Committee of Directors appointed by the Board took special note of the observations made by the Committee on Public Undertakings and went into marketing organisation, procedures, costs etc in great detail. The Committee also studied the report of the Sivaraman Committee on fertilizers.

In the light of the standards prescribed by the Sivaraman Committee in allowing distribution margins for various fertilizers, the Committee felt that the expenditure actually incurred by FACT in their marketing operations cannot be considered excessive. It was noted that the percentage had come down to 9.3 per cent in 1968-69 and with increased production, the proportionate cost of marketing was bound to go down. Thus for the year 1969-70 it was expected to work out to 8.7 per cent of the sales value.

The Committee commended that the marketing organisation has not only performed a difficult task efficiently, but would need further expansion and strengthening to be able to cope with the problems that the company is likely to be faced in the immediate future. The pattern of marketing showed intensive development of the whole of Kerala and Tamil Nadu. In the past years the production of the factory was not adequate to cover a larger area but with increasing supplies, marketing activity has been extended to other areas of Mysore and Tamil Nadu and also to Andhra Pradesh. The growth of the marketing organisation has been no more than in keeping with the present and anticipated increase in production consequent upon the expansion programme of the company.

The Company has organised a number of mixing centres (NPK Mixtures) in Kerala, Tamil Nadu and Mysore and has taken up a market development programme of Urea which is to be manufactured by the Cochin unit of Company from 1971 onwards.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. Ferts. I-1(18)|69, dated the 6th November, 1969].

Recommendation (Serial Nos. 19 and 20)

The Committee appreciate the difficulties in achieving the designed ratios for the consumption of raw materials because of poor quality of raw materials and power interruptions. But these can hardly justify the excess consumption of hydrogen gas equivalent to 7000 tonnes of ammonia and of ammonia to the extent of 7800 tonnes in converting to the various finished products. Even to a technical Committee (Sharma Committee) the loss of ammonia to this extent in 1967-68 was rather 'baffling'. As pointed out in the Report of the Committee of Engineers (P.G. Menon Committee) there were various defects in operations which have contributed to the higher consumption of raw materials. The Committee hope that the recommendations of the two technical committees will be implemented to save FACT from avoidable loss due to very high consumption of raw materials. (Paragraph 5.17).

The Committee cannot help observing that control over consumption of raw materials left much to be desired. The management must be receiving reports of daily consumption of raw materials. The Committee cannot understand as to why the Management did not take timely action to reduce the over-consumption of raw materials but had to wait for the Auditors and the Sharma Committee to highlight this fact. They desire that constant watch over the consumption rates of various raw materials should be kept and whenever any major variations are noticed as compared to designed ratios prompt steps should be taken to locate the reasons for higher consumption with a view to taking immediate remedial measures. (Paragraph 5.19).

Reply of Government

The loss of ammonia in the course of conversion has been a matter of serious concern to the Management for the last 2 years. All along, various methods have been tried to see whether this consumption could be checked to optimum levels. After the Sharma Committee and the P. G. Menon Committee went into this question, all the recommendations made by them were accepted by the Management and almost all of them have been implemented. Besides these, Management has of its own put into effect various other measures, all of which have contributed to the improvement as may be seen from the statement annexed indicating the progress made in controlling consumption of raw materials in comparison to the design ratio with actuals 1967-68, 1968-69 and five months of 1969-70

The consumption of raw materials is watched by the Management through standard costing and monthly variance reports. The ratios are also watched monthly and discussed in Management meetings of the production units concerned.

	Design	1967-68	1968-69	1969-70 5 months.
Naphtha to Gas . .	0·382	0·404	0·395	0·391
Hydrogen to Ammonia . . .	2·138	2·822	2·253	2·223
Sulphur to Sulphuric Acid	0·344	0·345	0·345	0·345
Rockto Phosphoric Acid .	3·320	3·480	3·460	3·490
Ammonia to Sulphate . . .	0·275	0·342	0·280	0·281
Ammonia to Phosphate . . .	0·201	0·214	0·212	0·218
Sulphuric Acid to Ammonium Sulphate .	0·765	0·722	0·769	0·769
Sulphuric Acid to Ammonium Phosphate .	0·420	0·428	0·425	0·427
Phosphoric Acid to Phosphate. . . .	0·217	0·224	0·220	0·221

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals O.M. No.Ferts.1-1(18)/69 dated the 9th January, 1970.]

CHAPTER V

RECOMMENDATION IN RESPECT OF WHICH REPLIES OF GOVERNMENT ARE STILL AWAITED

Nil

NEW DELHI;
April 27, 1970.
Vaisakha 7, 1892 (*S*).

M. B. RANA,
Chairman,
Committee on Public Undertakings.

APPENDIX I

[*Vide* reply to Recommendation at Sl. No. 27(i), Page 18].

No. Ferts. I-1|36|69

GOVERNMENT OF INDIA

MINISTRY OF PETROLEUM & CHEMICALS AND MINES AND METALS

(DEPARTMENT OF CHEMICALS)

To

The Comptroller & Auditor General of India,
Bahadurshah Zaffar Marg,
NEW DELHI.

SUB.—*Fertilizers and Chemicals, Travancore Ltd.—Review by the Audit Board.*

Sir,

I am directed to say that this Ministry has under its administrative control the Fertilizers & Chemicals Travancore, Ltd., Alwaye (Kerala), a public sector undertaking in which the Government of India hold more than 75 per cent shares. The Company was originally under private management but the Government of Kerala, in 1960, took over the responsibility of managing the company and the Government of India acquired majority shares in the company in July, 1963.

2. The working of the company upto the year ending 31st March, 1968, was examined by the Committee on Public Undertakings (1968-69). A copy of its report signed 18-4-1969, the Forty-Fourth report—is enclosed. The Committee in its report has observed, among others, laxity on control over expenditure, large expenditure on travelling, exhibitions|fairs, maintenance of guest houses etc. absence of consultation with the Financial Manager before expenditure was incurred, etc. It has been brought to the notice of the Government by the Accountant General concerned that a large amount is over due from the company to the Government on account of their repayment of loan instalments and interest and in the payment of which the company has defauled. In view of the above, and considering the criticism made in Parliament on several occasions regarding the working of the company, the Government feel that a

review of the accounts and working of the company by the newly framed Audit Board may be very helpful in bringing out in detail the defects in the working of the company, so that appropriate remedial measures could be taken. I am accordingly directed to request you, with the approval of the Minister (PCMM), to kindly take up the Fertilizers and Chemicals, Travancore Ltd., for a review by the Audit Board.

Yours faithfully,

Sd|- M. RAMAKRISHNAYYA,

Joint Secretary to the Govt. of India.

APPENDIX II

(*Vide* para 5 of Introduction)

Analysis of action taken by Government on the recommendations contained in the Forty-fourth Report of the Committee on Public undertakings (Fourth Lok Sabha).

I.	Total number of recommendations made. .	35
II.	Recommendations that have been accepted by Government (*vide* recommendation at S. Nos. 1, 2(ii), 9, 10, 11, 12, 13, 17, 21, 22 24, 26, 27(i), 27(ii) 28, 29, 30 and 32)	
	Number . . .	18
	Percentage to total	51%
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply *vide* recommendation at S.Nos. 3, 4, 5, 6, 7, 15, 16, 18, 23, 25, 31 and 33)	
	Number . . .	12
	Percentage to total	35%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (*vide* recommendation at S. Nos 2 (i), 8, 14, 19 and 20)	
	Number . . .	5
	Percentage to total.	14%
V.	Recommendations in respect of which final replies of Government are still awaited.	
	Number	Nil.
	Percentage to total . .	Nil.

GMGIPND—LSII—964 (Aii) LS—18-6-70—1370.

DELHI

Sl. No.	Name of Agent	Agency No.
24.	Jain Book Agency, Connaught Place, New Delhi.	11
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66
33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi—1.	68
34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
36.	Hind Book House, 82, Janpath, New Delhi.	95
37.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96

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Sl. No.	Name of Agent	Agency No.
39.	The Secretary, Establishment Department, The High Commission of Indis, India House, Aldwych, LONDON W.C.—2.	59

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