

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1969-70)**

(FOURTH LOK SABHA)

FIFTY-SEVENTH REPORT

**Action taken by Government on the Recommendations
contained in the Forty-third Report of the Committee
on Public Undertakings (Fourth Lok Sabha)**

**SINDRI UNIT OF FERTILIZER CORPORATION
OF INDIA LIMITED**

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

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

(DEPARTMENT OF CHEMICALS)



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1969
Agrahayna, 1891 (S)

Price : Re. 0.40.

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C O R R I G E N D A

FIFTY-SEVENTH REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (1969-70) ON ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FORTY-THIRD REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (FOURTH LOK SABHA) ON SINDRI UNIT OF FERTILIZER CORPORATION OF INDIA LTD.

Page	Sl.No. of Recommenda- tion.	Line	For	Read
6	10	6	Paragraph 8.8,9,12	8.9 - 8.12
6	10	11	(.)	(,)
7	11	2	ment's scheme to facilitate reduction in staff strength	meet the fate of earlier assess- ments but will be expeditiously implemented.
7	12	26		Delete (;) appear- ing after the word "overtime".
8	13	8		Delete (,) appearing after the word "efforts".
9	15	24	undertakings	undertaking

C O N T E N T S

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
COMPOSITION OF STUDY GROUP VI ON ACTION TAKEN REPORTS	(v)
INTRODUCTION	(vii)
I. Report	I
II. Recommendations that have been accepted by the Government	2
III. Recommendations which the Committee do not desire to pursue in view of the Government's reply	12
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee	15
V. Recommendations in respect of which final replies are still awaited	16
APPENDIX :	
Analysis of the action taken by Government on the recommendations contained in the Forty-third Report of the Committee on Public Undertakings (Fourth Lok Sabha)	17

COMMITTEE ON PUBLIC UNDERTAKINGS

(1969-70)

(Fourth Lok Sabha)

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3. Shri Bal Raj Madhok
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14. Shri Rajendra Pratap Sinha
15. Shri Dattopant Thengari

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Shri S. C. Mookerjee—*Deputy Secretary.*

Shri M. N. Kaul—*Under Secretary.*

•Appointed Chairman w.e.f. 10th December, 1969 *vide* Shri G. S. Dhillon resigned.

STUDY GROUP VI ON ACTION TAKEN REPORTS (1969-70)

1. Shri B. C. Pattanayak—Convener
2. Shri D. Thengari—Alternate Convener
3. Shri T. A. Patil—Member
4. Shri G. S. Reddi—Member
5. Shri N. K. Bhatt—Member

SECRETARIAT

Shri S. C. Mookerjee—*Deputy Secretary.*

Shri M. N. Kaul—*Under Secretary*

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Fifty-seventh Report on the action taken by Government on the recommendations contained in the Forty-third Report of the Committee on Public Undertakings (4th Lok Sabha) on the Sindri Unit of Fertilizer Corporation of India Ltd. [Paras in section II of Audit Report (Commercial), 1968].

2. The Forty-third Report of the Committee was presented to Lok Sabha on the 28th April, 1969. Government furnished their replies indicating the action taken on the recommendations contained in that Report on the 5th November, 1969. The replies of Government to the recommendations contained in the aforesaid Report were considered and approved by the Committee on the 4th December, 1969. The Chairman was authorised to finalise the Report on the basis of the decisions of the Committee and present it to Parliament.

3. 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 are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Forty-third Report of the Committee is given in the Appendix. It would be observed therefrom that out of the 19 recommendations made in the Report, 74 per cent have been accepted by

(viii)

Government and the Committee do not desire to pursue 16 per cent of the recommendations in view of the Government's reply. Final replies of Government in respect of 10 per cent of the recommendations are still awaited.

NEW DELHI;

December 24, 1969

Pansa 3, 1891 (S).

M. B. RANA,

Chairman,

Committee on Public Undertakings.

CHAPTER I

REPORT

The Committee would like to record that replies of Government to the 18 recommendations out of 19 contained in the 43rd Report of the Committee on Public Undertakings (4th Lok Sabha) on the Sindri Unit of Fertilizer Corporation of India Ltd. were received in time and to the satisfaction of the Committee.

2. Committee, however, regret to note that the Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) have not furnished reply in respect of recommendation at Serial No. 9 (Paragraph 7.14) regarding non-purchase of spare blades for Generator No. 4 in time.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1)

The Committee feel that so long as the intention was to charge interest on the amount, as is clear from the letter dated the 12th January, 1955 of the Ministry of Production, it would not be treated as share capital. The description of the amount as 'Loan' or 'advance' therefore, does not appear to be very significant. The Committee also do not agree with the Corporation's contention that terms and conditions laid down in Government's letter of 1st June, 1961 were not applicable by the advance of Rs. 7 crores till it was made applicable by the letter of 10th May, 1963. In Commerce and Industry's letter of 27th June, 1961 to the Managing Director (Annexure III) it had been stated that "it has been proposed that the terms and conditions laid down in that O.M. (*i.e.* of 1st June, 1961) should be made applicable to the loans already advanced and to be advanced to the Fertilizer Corporation of India Ltd., for financing the Fertilizer Projects at Trombay, Assam, Gorakhpur etc." In reply to the above letter the Fertilizer Corporation of India Ltd., in their letter of 30th October, 1961 (Annexure IV) also stated that the amounts drawn by them were loans. In view of these facts it appears that the Corporation were aware that the sum of Rs. 7 crores was being treated as loan and was to be repaid in accordance with the terms stated in the Government O.M. dated 1-6-1961.

As regards the question of rebate, the Committee are not convinced that there was no lapse on the part of the Corporation for making repayment of the first instalment of Rs. one crore.

The Committee, however, feel that proper coordination did not exist between the Corporation and the administrative Ministry for prompt settlement of the terms and conditions of the loan. As a commercial undertaking it was the responsibility of the Corporation to see that the terms of the loan were promptly settled. (Paragraph 1.11-1.13).

Reply of Government

The observations of the Committee have been noted for future guidance.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III dated the 5th November, 1969].

Recommendation (Serial No. 4)

The Committee feel that the continued shortfall of actual production *vis-a-vis* rated capacity despite so many years of experience in the line is a disquieting feature which requires to be remedied by scientific and rationalised planning. They would, therefore, stress the need for further augmenting the efforts to achieve the rated capacity as early as possible. (Paragraph 2.22).

Reply of Government

The observations of the Committee have been noted. Continued shortfall of production has been mainly due to non-availability of gypsum and coal of proper quality and shortfall in Ammonia production has been due to lower out-put of Coke Oven Gas. It is, however, hoped that with the commissioning of the Naphtha Gasification Scheme and the Sindri Rationalisation Scheme, the production would improve substantially.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III dated the 5th November, 1969].

Recommendation (Serial No. 7)

It appears that the Corporation agreed to the payment of a subsidy of Rs. 3 lakhs for removal of the Jamsar Railway station primarily for securing at least one million tons of gypsum of over 86 per cent purity. However, as it turned out they got a supply of a purity ranging from 76.97 per cent to 85.31 per cent. While the management's desire to procure an uninterrupted supply of gypsum can be understood, it is difficult to comprehend how the contractor invariably supplied gypsum of far below the 86 per cent purity envisaged in the agreement and how the total quantity supplied fell short of the initial estimate. The Committee cannot help feeling that the initial estimates of gypsum reserves were perfunctory and without proper scrutiny. The emphasis on the filterability of the gypsum as distinct from its purity seems to be more an after thought to justify the subsidy given for the transaction. The Committee regret to note that the management did not even claim any rebate from the contractor for supply of gypsum of a lower purity. Similarly, the contractor sold gypsum to a private cement factory in violation of the agreement with the Corporation, but no penalty could be imposed

by the management due to defect in the agreement. The Committee are unhappy with the unbusiness like manner of dealing with this contractor and entering into a defective contract with him. They hope interests of the Corporation will be properly safeguarded in future. (Paragraph 5.12).

Reply of Government

The observations of the Committee have been noted for future guidance.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III dated the 5th November, 1969].

Recommendation (Serial No. 8)

According to the Audit the shortages were noticed for the first time by the Manager Sindri Unit when he attempted to link the R.R. weights with the actual weights recorded by the Corporation weigh-bridge in October/November, 1962. Another strange feature noted by the Committee was that clear R. Rs. were issued by the Railway authorities without weighing the materials at their weigh-bridge which had been out of order since April, 1962. This fact came to the notice of Corporation when they took up the matter with the railways at the close of 1962.

The Committee were constrained to learn from the representatives of Fertilizer Corporation of India that they did not take serious cognizance of coal shortages till they became rather heavy *i.e.* over 15 per cent. They also considered them unavoidable and had expected them to balance against excesses. The Committee are unhappy with the way in which things were allowed to drift resulting in serious loss to the Corporation.

It is unfortunate that neither the collieries nor the Railways are willing to accept the responsibility for the shortages and the blame has to be laid on pilferages during transit. The Committee feel that a lasting solution to this problem has to be found as it concerns several public undertakings and the Railways.

The Committee feel that it is necessary to set up firm norms both as regards transit losses and stock taking shortages of raw materials and finished products at an early date. This should be done after ascertaining the position in countries outside India so that we might have some standards as guide-line.

The Committee hope that the various steps taken by the management to minimise and prevent short supply of coal, through constant vigilance and watching of shortages and energetic and timely pursuit of each case with the Railways would result in firm improvement of the position.

The Committee also note that the Sindri Unit was solely depending on the Bejdih/Methani collieries for the supply of high volatile steam coal for blending for their coke oven plant, since the National Coal Development Corporation did not have this type of coal in their mines. They, however, hope that before the exhaustion of mines of their present supplier the Sindri Unit would be able to make firm alternate arrangements for high coking coal from Jharia coal fields and Naphtha for gasification from Barauni. (Paragraph 6.18-6.23).

Reply of Government

The observations of the Committee have been noted. The recommendations made by the Committee in para 6.18 to 6.22 have been brought to the notice of the Ministry of Finance (Bureau of Public Enterprises) and the Ministry of Railways for taking appropriate action. Action is being taken to ascertain the norms in regard to transit loss in countries outside India. As regards fixing of norms for transit losses and for shortages in stock taking of raw materials and finished products report of a committee earlier appointed is being examined and suitable norms will be fixed on the basis of the report and data which may be available from other countries.

A Committee has been set up to investigate causes of shortages of coal receipts and suggest remedial measures.

The management of F.C.I. are exploring alternative sources of supply of high volatile coal with high ash-fusion range for Sindri. They have already arranged for supplies of naphtha from the Barauni Refinery for the Naphtha Gasification Scheme.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No. 10)

The Committee are unhappy to note that the unit management of Sindri have been employing large scale casual labour continuously while they have surplus staff. The expenditure incurred on the employment of casual labour has also been rising during the past years.

Besides this, the expenditure on overtime payments has also been steadily increasing.

The Accounts Department has also been not able to reduce its strength according to the advice given to it by a firm of consultants in January, 1965.

This shows that neither the management of the unit nor the Board of the Corporation have made any serious effort to tackle this problem. (Paragraph 8.89.12).

Reply of Government

Casual labour is engaged for jobs of essential casual nature as well as to work in some permanent vacancies which are not intended to be filled up by regular staff. The casual labour is engaged for carrying out emergent jobs resulting from frequent break-down due to ageing of the plants, periodical clinking of the generator in the Gas Plant, unloading of essential materials received in the factory at odd hours, removal of cases of fire hazard in the factory and new construction jobs. Surplus staff of the factory cannot be engaged always for the jobs mentioned above because they are not trained or found always suitable for the jobs that arise and they are distributed in all the plants for which it is not possible to engage surplus staff of one plant, if there is any, for the casual job of other plants. However, every effort is being made to reduce employment of casual labour.

National Productivity Council Experts have been engaged and they are now making a study of the staff strength of this unit including that of the Accounts Department. On receipt of their report further action will be taken in regard to reduction in the strength of Accounts Department.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No. 11)

The Committee note that the Sindri Fertilizers & Chemicals Ltd., now a unit of the Fertilizer Corporation of India (Ltd.) was set up on the 16th January, 1952. It is surprising that even after a lapse of over 17 years, the Sindri Unit has not been able to make a firm assessment of the actual requirement of staff, although various committees and specialist firms had been appointed to assess the work load and determine the staff strength.

The Committee feel that a systematic assessment of work load and man power is indispensable for the healthy functioning of a large organisation on economic lines. The management was again contemplating to entrust to the National Productivity Council detailed study for assessment of the

staff. They hope that the recommendations made by the Council will not ment scheme to facilitate reduction in staff strength. (Paragraph 8.16—8.17).

Reply of Government

The observation of the Committee has been noted. It is expected that the Report of the National Productivity Council will be received by the end of 1969. The management are also considering a voluntary retirement scheme to facilitate reduction in staff strength.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation Serial No. 12)

It is seen from the table at para 8.18 that the overtime payments in the case of Sindri Unit have been rising from year to year. The overtime is not restricted to skilled personnel only, but is paid in all the departments including stores, personnel, Administration, Security, Estates, Medical and Transportation Departments. The Committee view with concern the rise in expenditure on overtime allowance especially when the surplus staff exists. The expenditure on overtime allowance instead of being allowed to increase should be brought down and incurred only when there were unavoidable circumstances. No such circumstances have been brought to the notice of Committee. The Committee hope that suitable measures would be taken by the Corporation to reduce the excessive expenditure on account of overtime. (Paragraph 8.20).

Reply of Government

Overtime allowance, as per statutory provision has to be paid when workers are required to work beyond normal working hours. Due to absenteeism, workers present on duty are put on over-time work and when there is sudden break down or emergent maintenance is required to be attended to, workers concerned will have to be put on over-time; work. Certain jobs may be preplanned but such planning does not help in eliminating overtime work, as the nature of different jobs is such that they have to be attended to continuously by a team of workers conversent with the machine job.

In the circumstances, surplus staff of a section cannot be engaged for all jobs to avoid payment of over-time allowance. Further such surplus staff are not segregated and kept idle to take up extra or emergent jobs but exist in certain pockets in the shape of concealed under-employment. All these factors severely limit mobility and interchangeability of even identified available surplus hands in individual functional areas.

Efforts are however being made to reduce the expenditure on over-time.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No 13)

The Committee regret to note that after about 22 years of acquisition of land the Corporation has not got possession of all the land for which it has paid. This shows that the management of the unit and the Board **have not shouldered their responsibilities properly**. They hope that concerted efforts, will now be made to settle this matter with the State Government so that the Unit can go on with its schemes of development. (Paragraph 9.10).

Reply of Government

The observations of the Committee have been noted. The management have stated that they are pursuing the matter vigorously with the State authorities. The delay in taking possession has been mainly because of **difficulties in resettlement of evicted families** which work is the responsibility of the State Govt. So far it has not been possible for the State Govt. to hand over to the factory land on which people are living.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III, dated the 5th November, 1969].

Chemicals

Recommendation (Serial No. 14)

Notwithstanding the explanation given by the management for the sharp rise in inventories of raw materials, stores, spare parts, semi finished goods, finished goods, etc. in 1966-67, the Committee feel that there is a scope for further reduction of inventory levels, particularly of spare parts. This view of the Committee finds support from the fact that the Unit has set up a Committee to locate the surplus stores and spares. Thus there is need for laying down proper norms for such holdings consistent with commercial prudence and practices. The Committee hope that inventory control will be exercised in future with a view to achieving greater economy in the operation of the plant. (Paragraph 10.12).

Reply of Government

The observations of the Committee have been noted. However, the following points have to be borne in mind in regard to the matter:—

- (a) Due to constant rise in prices, it may not be fair to compare

the value of raw materials, stores, spares, semi-finished goods and finished goods at the end of a year with that of past years.

- (b) For successful operation of the plant, assured and uninterrupted supply of basic raw materials like gypsum, packing material and coal is very important. As a planned policy stocks of gypsum upto about 2 to 2½ months requirement and of coal upto over a month's requirements are built up as a guarantee against short supply during the monsoon period.
- (c) In case of finished fertilizers whose sale is seasonal, stocks have to be accumulated during the off season period to cope up with the demand during the demand season. Further, the stocks reflected in the Annual Accounts as on 31st March, will be high, as it is in the peak of the off-season. Efforts are being made to effect prompt sales of the finished items, and further reduction of inventory levels.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No. 15)

The Committee regret to note that surplus stores worth Rs. 84.56 lakhs, out of which stores worth Rs. 12.03 lakhs had not moved since 1956, were still lying undisposed with the Sindri Unit inspite of the suggestions for their early disposal by the Committee in their 6th Report (Third Lok Sabha) and the Estimates Committee in 1961. Excessive procurement of stores has led to accumulations which have been a drag on the economy of this undertakings. The Committee trust that all the **surplus stores will be disposed of early and suitable measures will be taken** by the management to ensure the purchases are kept at the minimum essential level in future. (Paragraph 11.6).

Reply of Government

The observations of the Committee have been noted. The management of the Sindri Unit have already initiated necessary action in the matter in consultation with the Planning and Development Division. Stores declared surplus by the Committee will be disposed of by sale or by offering to other units of the Corporation.

[Ministry of Petroleum and Chemicals and Mines and Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No. 16)

This is another sphere in which the Sindri Unit during the 17 years of its existence has not been able to lay down proper norms or solve the problem of transit losses. The Committee are glad to note that a Technical Committee is being now set up by the management to examine the problem of transit losses of raw materials in order to identify and locate individual and specific causes for such shortages and suggest ways and means for minimising them. The Committee hope that the Technical Committee would complete its work expeditiously and suggest concrete steps which would bear fruitful results. (Paragraph 12.15)).

Reply of Government

The observations of the Committee have been noted. Attention is also invited to the reply to the recommendation at S. No. 8.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No. 17)

The profitability of any undertaking depends to a large extent upon effective cost control. The Committee hope that with the higher utilisation of the existing capacities and commissioning of the Naphtha Gasification Plant and its Ammonium Nitrate Plant the cost of production would be brought down. (Paragraph 13.12).

Reply of Government

It is expected that the cost of production will go down with the commissioning of the Naphtha Gasification Plant and the Ammonium Nitrate Plant. However, it may be pointed out that the continuous rise in prices of raw materials and labour is likely to have an adverse effect. Further, the proposed production of fertilizers at Sindri based on sulphuric acid produced from Amjhore pyrites is expected to cost much more than anticipated on account of the higher cost, than anticipated, of mining of pyrites at Amjhore.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No. 18)

The Committee are distressed to note that no effective steps have been taken by the management to utilise or dispose of the four dust-collectors

purchased at a cost of Rs. 1.64 lakhs in 1955. It is surprising that it took the management 5 years to declare the equipment as surplus and even after that "the utilisation of the equipment is under active consideration." The Committee are unhappy at the manner in which the management has dealt with this matter resulting in the continued blockage of a huge amount besides deterioration of the equipment due to efflux of time. The Committee desire that immediate steps should be taken to utilise or dispose of the equipment. (Paragraph 14.6).

Reply of Government

The Planning and Development Division, the designers of various Fertilizer Projects, are considering the utilisation of the surplus Dust Collectors in one of the new projects in hand.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No 19)

The Committee are concerned to note that the demurrage charges which had shown a declining trend in the years 1962-63, 1963-64 and 1965-66 had again risen in 1966-67 to Rs. 3.68 lakhs.

The Committee feel that the high demurrage charges could have been avoided if the intensive efforts that are being made at present to effect improvements in the utilisation of the engines and yard facilities had been started earlier. They hope that Sindri Unit will continue these efforts till demurrage is reduced to the minimum. (Paragraph 15.8-15.9).

Reply of Government

The observations of the Committee have been noted.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III, dated the 5th November, 1969].

CHAPTER III

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

Recommendation (Serial No. 2)

Production of ammonium sulphate depends to a large extent upon continuous supply of good quality gypsum. The Committee, however, regret to note that as against the stipulated quality of 30,000 tonnes per month only an average of 15,000 tonnes of gypsum per month was supplied by the contractor M/s. Bikaner Gypsum Ltd. It is regretted that no effective steps have been taken by the management to enforce the terms of the contract. (Paragraph 2.12).

Reply of Government

After the exhaustion of deposits under the Railway siding at Jamsar, the only good quality gypsum available in the area was from small pockets left over and another big mine which was under the village Jallalsar.

M/s. Bikaner Gypsum Limited (B.G.L.) offered to supply 30,000 tonnes per month of gypsum from the pockets in Jamsar and from Jallalsar mine and an agreement was reached in August, 1967 by exchange of letters. However, B.G.L. ran into immediate difficulties when they tried to get the village shifted to some other side. They requested F.C.I. for financial assistance and a sum of Rs. 5 lakhs was given to them as loan for payment of compensation to the villagers. B.G.L. built some houses and continued to make efforts to shift the villagers with the assistance of Rajasthan Government. However, they have still not succeeded in shifting of the whole village and are therefore obliged to work only on the periphery of the deposit. They have also not been able to mechanise the mines as the villagers are insisting on working as piece-rate workers. With this type of working B.G.L. have also not been able to bring up the quality of gypsum to 80% and above. Although in the year 1967-68 the average purity did come to 80.93% the average purity of gypsum during 1968-69 was only 76.07%. The F.C.I. had been pressing M/s. B.G.L. to take adequate steps to improve the quality as well as the quantity but without much success. Whereas average monthly supply during the year 1967-68 was 11,600, it slightly improved to 16,500 tonnes per month during the year 1968-69 though as pointed out above

the purity came down from 80.93% to 76.7%. The F.C.I. had come to know that B.G.L. were supplying Gypsum from this area to the cement factories also although they were committed to supply all the gypsum to the Sindri factory. In October, 1968 they were served with a notice to suspend supplies to other parties. Although monthly despatches improved a bit, yet they never came upto the expected figure of 30,000 tonnes per month. No stern action for non-supply of 30,000 tonnes per month could be taken, firstly because B.G.L. being the only lease holder for this area, it was apprehended that the supplies may be further adversely affected if the F.C.I. dragged them to a Court of Law and, secondly, the quality being still poor it was not thought worthwhile to get larger quantities of poorer quality material. Continued pressure is being maintained on B.G.L. to improve their quality. The F.C.I. are also seeking the good offices of Rajasthan Government (who are 49% share holders of B.G.L.) to put pressure on B.G.L. for improving the quality as well as the quantity of supply.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107(50)/69 Ferts. III, dated the 5th November, 1969].

Recommendation (Serial No. 5)

The Committee regret to note that the production of Ammonia has been much below the rated capacity. The Expert Committee had recommended in 1961, that after the modifications and additions made to the plant during the years 1955 to 1957 the existing plant was capable of producing 1.05 lakhs to 1.10 lakh M. tons per year. It is, therefore, surprising that the management feels that for various reasons production of more than 96,000 M. tons per year was not possible of achievement. It may be relevant to mention, in this connection, that the original plant had actually achieved production of 97,780 M. tons of ammonia in 1965-66 *vide* para 2.3. The Committee cannot help concluding that either the findings of the Expert Committee were based on inadequate data or the management failed to place the facts before the Expert Committee or the Expert Committee was not fully qualified since the management considers the implementations of its recommendations impossible. Whatever the causes the result is non-fulfilment of rated capacity. The Committee recommend that the whole matter should be urgently re-examined in a more practical manner and every possible endeavour be made to achieve the attainable capacity in the Ammonia Plant. (Paragraph 3.5).

Reply of Government

The Expert Committee's assessment of the capacity of the Ammonia plant is based on a daily production of 300 tonnes for 350 days in a

year. This is rather optimistic. Even the naphtha based fertilizer plants do not attain a stream efficiency beyond 330 days. It would therefore not be realistic to expect a stream efficiency of 350 days in a coke/coke-oven based plant like Sindri. The deteriorating quality of coal and coke supplied to the factory is also partly responsible for the lower daily production of ammonia. Further, allowance has to be made for the age of the Sindri plant which necessitates higher than normal maintenance. The F.C.I. have already taken in hand a phased programme for the replacement of worn out equipment and extensive renovation and repair work. It is expected that on completion of the replacement programme mentioned above, the production of ammonia would improve.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107 (50)/69-Ferts. III dated the 5th November, 1969].

Recommendation (Serial No. 6)

The Committee regret to note that the stream efficiency of the Gas Reforming Plant which was initially prescribed as 330 days by the designers has been actually found to be ~~not~~ more than 309 days with the result that unutilised gas of the value of Rs. 14.10 lakhs had to be flared up during the years 1964-65 to 1967-68. This shows that either all the technical factors were not correctly assessed by the designers in finding the stream efficiency at 330 days or the plant is not being efficiently run. The Committee, however, hope that with the installation of Naphtha Gasification Unit by the revised scheduled date i.e. by April/May, 1969, it would be possible to attain the daily rated capacity of the plant, and thus minimise the loss due to flaring up of gas. (Paragraph 4.11)

Reply of Government

It is correct that the designers had indicated the stream efficiency of 330 days for the gas reforming plant, but in view of the exacting conditions in which the plant has to work, the actual stream efficiency is much lower. The Commissioning of the naphtha gasification unit may help to increase the daily production but it will not contribute to the improvement of the stream efficiency.

[Ministry of Petroleum & Chemicals and Mines & Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III, dated the 5th November, 1969].

CHAPTER IV

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

NIL.

CHAPTER V

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

Recommendation (Serial No. 8)

The Committee are glad to note that the Sindri Unit has started covering gypsum with tarpaulin while transporting it in open railway wagons during rainy season. This fact might be brought to the notice of other public undertakings who suffer on account of deterioration of material during transport in open wagons during rainy season owing to scarcity of covered wagons. The Committee feel that shortage of covered wagons could have been minimised by proper planning on the part of the Railways. They hope that earnest steps would be taken by the Railways to provide more covered wagons to the public undertakings. (Paragraph 2.16).

Reply of Government

A copy of the recommendation has been forwarded to the Ministry of Finance (Bureau of Public Enterprises) and the Ministry of Railways for appropriate action.

[Ministry of Petroleum & Chemicals and Mines and Metals (Department of Chemicals) O.M. No. 107(50)/69-Ferts. III; dated the 5th November, 1969].

Recommendation (Serial No. 9)

The Committee are surprised to note that although during the scheduled overhaul of generator No. 4 in 1963 the plant staff had concluded that the blades of this generator would last only two to three years, no effort was made by the authorities concerned to obtain enough spare blades. This action was taken by the management only in October, 1966 when the machines broke down. Had the undertaking shown some foresight and obtained the foreign exchange in time for purchase of spare blades the extra expenditure of Rs. 35.19 lakhs paid to DVC for increased off take of power during the years 1965-66, 1966-67 and 1967-68 could have been avoided. (Paragraph 7.14)

NEW DELHI:
December 21, 1969.

Pansa 3, 1891 (Saka).

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

APPENDIX

(Vide para 4 of Introduction)

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

I.	Total No. of recommendations made	19
II.	Recommendations that have been accepted by Government (vide recommendations at S. Nos. 1, 4, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19)	
	Number	14
	Percentage to total	74
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply (vide recommendations at S. Nos 2, 5 and 6)	
	Number	3
	Percentage to total	16
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee	
	Number	Nil
	Percentage to total	Nil
V.	Recommendations in respect of which final replies of Government are still awaited (vide recommendations at S. Nos. 3 and 9)	
	Number	2
	Percentage to total	10

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI					
24.	Jain Book Agency, Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi—1.	68
25.	Set Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmir Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 8a, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	MANIPUR		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexa, Imphal.	77
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	AGENTS IN FOREIGN-COUNTRIES		
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON W.C.—2.	59

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