C.P.U. No. 118

COMMITTEE ON PUBLIC UNDERTAKINGS

(1968-69)

(FOURTH LOK SABHA)

(THIRTY-THIRD REPORT)

Action Taken by Government on the recommendations contained in the Twenty-Ninth Report of the Committee on Public Undertakings (Third Lok Sabha)

DURGAPUR STEEL PLANT OF HINDUSTAN STEEL LTD.

(MINISTRY OF STEEL & HEAVY ENGINEERING)

LOK SABHA SECRETARIAT
NEW DELHI

April, 1969/*Chaitra*, 1891 (*Saka*)
Price : *Re.* 0·45

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

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

C O R R I G E N D A

THIRTY-THIRD REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (1968-69) ON ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY-NINTH REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (THIRD LOK SABHA) ON DURGAPUR STEEL PLANT OF HINDUSTAN STEEL LTD.

Page	S.No. of recommendation.	Line	For	Read
9	28	3	obvite	obviate
12	39	4	affairs	affair
15	15	16	dasign	basis
17	23	4	delete', 'appearing after Steel	

CONTENTS

		PAGE
COMPOSITION OF THE COMMITTEE	. . . . .	(iii)
INTRODUCTION	. . . . .	(v)
CHAPTER I.	Report	1
CHAPTER II.	Recommendations that have been accepted by Government	2
CHAPTER III.	Recommendations which the Committee do not desire to pursue in view of the Government's reply	13
CHAPTER IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee	22
CHAPTER V.	Recommendations in respect of which final replies of Government are still awaited . .	23
APPENDIX		
	Analysis of the action taken by Government on the recommendations contained in the Twenty-Ninth Report of the Committee on Public Undertakings (Third Lok Sabha)	25

COMMITTEE ON PUBLIC UNDERTAKINGS

(1968-69)

CHAIRMAN

Shri G. S. Dhillon

MEMBERS

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

SECRETARIAT

1. Shri A. L. Rai—*Deputy Secretary*
2. Shri M. M. Mathur—*Under Secretary*

INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit the Report on their behalf, present this Thirty-third Report on the Action Taken by Government on the recommendations contained in the Twenty-ninth Report of the Committee on Public Undertakings (Third Lok Sabha) on Durgapur Steel Plant of Hindustan Steel Ltd. .

2. The Twenty-ninth Report was presented to the Lok Sabha on the 20th April, 1966. Government furnished their replies indicating the action taken on the recommendations contained in the Report on the 9th, 15th, 17th January, 1968 and 1st March, 1969. The replies of Government to the recommendations contained in the aforesaid Report, was considered and approved by the Committee on the 28th March, 1969. The Committee authorised the Chairman to finalise the Report and present it to Parliament.

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

I. Report

II. Recommendations which have been accepted by Government.

III. Recommendations which the Committee do not desire to pursue in view of Government's reply.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Twenty-ninth Report (Third Lok Sabha) is given in Appendix. It would be observed therefrom that out of 39 recommendations contained in the Report, 59 per cent have been accepted by Government and the Committee do not desire to pursue 38 per cent of the recommendations in view of Government's reply. Replies of Government in respect of 3 per cent of the recommendations have not been accepted by the Committee.

NEW DELHI ;
April 16, 1969.
Chaitra 26, 1891 (*Saka*).

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

CHAPTER I

REPORT

A. NON-SETTLEMENT OF PRICE PAYABLE FOR THE SUPPLY OF GAS BY DURGAPUR STEEL PLANT TO DAMODAR VALLEY CORPORATION—(PARAS 40—46)

(THIRD LOK SABHA)

Recommendations (Serial No. 12-Para 46)

In their recommendation at Serial No. 12, of the Twenty-Ninth Report (3rd Lok Sabha) the Committee on Public undertakings had noted that the question of price payable for the supply of coke oven gas by Durgapur Steel Plant to Damodar Valley Corporation was initially taken up by the Secretary of the Ministry of Irrigation and Power as early as June, 1958. The matter was still under correspondence between the Damodar Valley Corporation and the Hindustan Steel Ltd. (January, 1966). The Committee had, therefore, expressed regret that even after a lapse of more than 7 years it had not been possible for the two Public Sector Undertakings to settle this matter even after a Parliamentary Committee had expressed concern over it.

2. The Government, in their reply, have stated that currently there was no supply of gas to DVC from Durgapur Steel Plant nor was any supply expected to be available in future. The problem related to only a limited period. In order to settle this long outstanding issue, Hindustan Steel Ltd. offered to make an *ad hoc* settlement at a rate half way between that asked for earlier and that offered by DVC. It has further been stated that although this letter was sent to DVC in March, 1967, the matter did not appear to have been settled yet.*

3. The Committee deprecate this inordinate delay in settlement of the price to be paid by one public undertaking to another for supply of coke oven gas in 1964. The Committee suggest that the Ministries concerned with the undertakings and the heads of the undertakings might meet and resolve the dispute.

*It was stated by the Ministry of Steel and Heavy Engineering at the time of factual verification that Hindustan Steel Limited have since finally accepted the price offered by the DVC in order to settle the long outstanding issue.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 2)

The Committee desire that the procedure for awarding contracts should be examined in detail and steps taken to avoid long delays in awarding them. (*Para No.* 14)

Reply of Government

Noted. In order to expedite finalisation of contracts, HSL have evolved a drill whereby an empowered Committee of the Board of Management, with which Plant representatives are associated carries out scrutiny, and negotiations and makes final recommendations to Government. This drill is generally followed in the case of all major contracts relating to expansion etc.

[*Ministry of Steel, Mines & Metals O. M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968] .

Recommendation (Serial No. 3)

The Committee were informed that there was no penalty clause in the contracts for levying penalty on the suppliers of the Plant and Machinery for their failure to furnish the Civil Engineering drawings or the loading data according to the time schedule. This, the Committee feel is unsatisfactory. The desirability of including such a provision in the contracts should be examined to avoid delays in construction due to non-receipt of Civil Engineering drawings. (*Para No.* 15)

Reply of Government

HSL have since revised the 'term of payment' clause in their standard form of 'Invitation to Tender' to provide for stoppage of further instalments of payments if the drawings as indicated are not supplied by the time prescribed. Payments are now linked with supply of drawings and load data.

[*Ministry of Steel, Mines & Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 4)

The Committee are not satisfied with the reasons adduced for the delay in reaching the rated capacity in steel ingots and in saleable steel. Considering that Hindustan Steel Limited was aware that it does not generally take more than 18 to 24 months to attain the rated capacity after installation of plant and that the Bhilai Steel Plant had in fact achieved the rated capacity in less than two years, the time taken by the Durgapur Steel Plant in

reaching the rated capacity, which was more than three years, has been too long. The two main reasons furnished to the Committee for the delay were inadequacy of slag disposal unit and the shortage of soaking pits. But viewed against the fact that the slag disposal unit had been modified in 1962 and the number of soaking pits was considered to be adequate by the Consultants and the Central Engineering & Design Bureau of the Hindustan Steel Limited, it is difficult for the Committee to accept these reasons as justification for the inordinate delay in reaching the rated capacity. The Committee suggest that the reasons for delay in reaching the rated capacity by Durgapur Steel Plant should be analysed in detail. Such an analysis should serve as a useful guide while setting up future plants. (*Para No.* 25)

Reply of Government

Subsequent to the Report of the COPU, Government appointed in September, 1966, a One-Man Committee, consisting of Shri G. Pande, (Then) Vice Chancellor, Roorkee University to make an independent expert review, of the various problems in Durgapur Steel Plant in their individual as well as integrated aspects. The Committee submitted its final report in April, 1967. It had drawn attention to shortcomings in organisation, inadequacy or absence of management systems and insufficiency of equipment. It also made several recommendations for improving the skills and abilities of the employees and pointed out the need for developing better employee attitude and industrial relations. Practically all these recommendations have been accepted and vigorous steps have been taken to implement them.

[*Ministry of Steel, Mines & Metals O. M. No. Parl* (6)-8/66, *dated* 15*th, January,* 1968]

Recommendation (Serial No. 5)

The Committee regret to note that there had been protracted discussion about the number of soaking pits actually required by the Plant and no final decision has yet been taken in this regard. The Committee trust that since the Report of the Expert to whom the matter was referred by the Chairman, Hindustan Steel Limited, has been received an early decision will be taken to ensure proper working of the Plant . (*Para No.* 26)

Reply of Government

There was difference of opinion among different technical authorities about the adequacy or otherwise of the number of soaking pits provided and the number of additional pits required, if any. The Pande Committee was also requested to examine this question and give their considered opinion on this. They recommended the provision of four additional pits and this has since been accepted by Government and steps are in hand to install the same.

[*Ministry of Steell Mines & Metals O. M. No. Parl* (6)-8/66, *dated* 15*th January,* 1968]

Recommendation (Serial No. 6)

Even if the price obtained for plain bearing wheel sets had been equal to that for the roller bearing wheel sets, the losses of Wheel & Axle Plant would have been reduced only to some extent. Thus, even if the higher

prices were obtained, the net loss in 1964-65 would have amounted to Rs. 83·94 lakhs. This loss can be explained as due only to low production which was 57% of the rated capacity. Further, not only has the plant suffered heavy losses due to low production, but the Railways had to spend much needed foreign exchange (Rs. 428·85 lakhs) on the import of wheel sets in 1964-65 and 1965-66. (*Para No.* 33)

Reply of Government

The loss in manufacture of wheel sets has since been reviewed by HSL and the loss during 1964-65 is estimated as Rs. 77·55 lakhs. (Please also see reply to para 34).

[*Ministry of Steel, Mines & Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968]

Recommendation (Serial No. 7)

The Committee are concerned over the low production in the Wheel and Axle Plant. They understand that certain measures have been taken to improve the working of the Plant, e.g. installation of Electric Furnace in the 3·5 million tonnes expansion for better control over the quality of steel, provision of extra rough machining capacity and rectification lathe, etc. However, considering that it is more than three years since the plant was commissioned, the time taken in realising the deficiencies and rectifying them has been too long. The performance of the plant has not been satisfactory. This was also admitted by the Secretary of the Ministry. The Committee urge that immediate steps should be taken to improve the working of the plant and to achieve the rated capacity. (Para No. 34).

Reply of Government

The unsatisfactory working of the wheel and axle plant ever since its inception had been causing concern and this was one of the items which the Pande Committee, appointed in September, 1966, had been requested to look into specifically in their study of the Durgapur Steel Plant. Their recommendations in this regard have been accepted and are under implementation by HSL. Some additional balancing equipment like centreless grinding machine, wheel roughing lathe, axle roughing lathe, wheel rectification lathes etc. have already been ordered and are expected to be installed shortly. Two foreign experts studied the plant for about three months at the end of 1967 and have submitted their report in January, 1968. Action is also being taken to augment the supply of wheel steel by enlarging the existing 100 tonne furnace to 120 tonne capacity and by installing a 40 tonne electric furnace. It is expected that production will improve after these steps are implemented. Meanwhile, as an interim measure to augment steel availability, the steel making facilities at Alloy Steel Plant, Durgapur are also being pressed into service.

[*Ministry of Steel, Mines and Metals O. M. No. Parl*(6)-8/66 *dated* 15*th January* 1968].

Recommendation (Serial No. 8)

It is noticed that no regular performance tests were carried out to see that the various units of the Plant were capable of achieving the output

specified in the contract. The Consultants are stated to have certified the rated capacity of the Plant based on designs and their experience of constructing similar Plants elsewhere. This can hardly be considered satisfactory. The Committee feel that the Consultants should have given such a certificate after the plant had achieved the rated capacity over a certain period. In the absence of such tests it was difficult to say as to how far the failure of the Wheel and Axle Plant to achieve the rated capacity was due to defects in design or in equipment. The Committee would like to emphasise that in order to safeguard against any defects in the plant and machinery, these should be accepted only after tests have been carried out within the guarantee period. (*Para No.* 35)

Reply of Government

Noted. The guarantee clause in the contracts now provides that performance at rated capacity be demonstrated before final part payment is made.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated* 15*th January*. 1968].

Recommendation (Serial No. 10)

It was not proper for the Plant to stop up production with a view to achieve the rated capacity without caring for the quality of the products manufactured. It needs no emphasis that the products manufactured should be of standard quality. The Committee would suggest that there should be rigid quality control at every stage of production to obviate complaints from customers. (*Para No.* 38)

Reply of Government

Noted. Following the recommendation of the Pande Committee, the research and control Deptt. at Durgapur is being strengthened and arrangements are being made for inter stage inspection provided for in Deptts. like the Wheel and Axle Plant.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated* 15*th January*, 1968].

Recommendation (Serial No. 13)

The Committee view with concern that there should have been a loss of Rs. 36 lakhs in 1964-65 on the sale of bye-products even though some of the plants (e.g. Naphthalene Plant and the Benzol Rectification Plant) have extra built-in capacity. They desire that the causes of low utilization of these plants should be investigated and steps taken to see that these plants at least pay their way rather than remain a liability on the Steel Plant. (*Para No.* 50)

Reply of Government

Noted. In pursuance of the recommendations of the Pande Committee, the Bye-products plant at Durgapur is being placed under the independent charge of a Superintendent. Special steps are in hand to re-organise and improve the maintenance of this unit. A special team was formed to go into the working of the Bye-Products units of all the Plants and the team's report is expected shortly.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated* 15*th January*, 1968].

Recommendation (Serial No. 18)

The Committee desire that HSL should lay down in consultation with the Indian Standards Institute standard specifications for all typee of refiactories which could be used in the Steel Plant. (*Para No.* 71) .

Reply of Government

The Indian Standards Institution was requested to set up a Technical Committee to study the Specifications used by the various plants and evolve a common standard Specification for Refractories for adoption by all Steel Plants. A Technical Committee of the Indian Standards Institution consisting of representatives of HSL Steel Plant, Tata Iron and Steel Co, Indian Iron & Steel Co.. and refractory manufacturers has alredy started work. A number of Indian standards have been revised and some new standards have been formulated to take care of the requirements of steel plants in the country.

[*Ministry of Steel, Mines and Metals O. M. No. Parl*-(6)-8/66 *dated* 9*th January*, 1968].

Recommendation (Serial No. 19)

Considering that the Indian Refractoiy Industry has been established for a long time and there is considerable idle capacity at present, the Committee desire that Government should encourage the indigenous manufacturers to diversify their production to replace the imported refractories. This would not only utilise the idle capacity, but also help in saving the much needed foreign exchange. (*Para No.* 73) .

Reply of Government

Our constant efforts have been to avoid imports as far as possible and practicable. Durgapur Steel Plant has imported only those refractories which are either not manufactured in India or the indigenous products are not up to the standard. During the year 1965-66 Durgapur Steel Plant did not import any refractories.

The refractories industry is already being encouraged by the Government to utilise its idle capacity by diversifying production to manufacture special types of refractories which have still to be imported. With this object in view, major manufacturers of Refractories were addressed by Directorate General of Technical Development in 1966 to indicate their requirements of balancing equipment for the purpose and submit import applications. Import applications were received from certain manufacturers and foreign exchange to the tune of Rs. 75 lakhs has already been sanctioned while another Rs. 25 lakhs have been recommended.

[*Ministry of Steel, Mines and Metals O. M. No. Parl*-(6) 8/66 *dated* 9*th January*, 1968].

Recommendation (Serial No. 21)

The maintenance function is as important if not more than production of steel. It often requires higher skill than in operation. The key maintenance personnel should be in position while the plant is being erected so that

they have an opportunity to become familiar with the equipment. HSL might consider whether it would not be advantageous to occasionally have seminars of such staff in rotation in the Plants where they could exchange their experiences. (*Para No.* 83).

Reply of Government

The observations have been noted. The Pande Committee have also made several recommendations for improving maintenance which have been accepted and are under implementation. They have also recommended that the Superintendents and other senior officers of important departments in HSL should meet regularly for pooling and exchange of knowledge and experience. A Standing Committee of the Chief Mechanical Engineers of the HSL Plants reviews problems relating to maintenance procurement of spares etc. In the light of the Pande Committee recommendation, meetings of other Departmental heads and senior officers are being arranged by HSL.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968]

Recommendation (Serial No. 22)

It was admitted by the Chairman, Hindustan Steel Limited that the number of working hours for which various Mills operated in Indian Steel Plants is much less than that in foreign countries. In order to bring down the high cost of production of steel it is essential to have maximum production from the installed capacity. Every effort should therefore be made to reduce the down time of equipment through proper scheduled maintenance and by careful planning and co-ordination of operations in different mills. (*Para No.* 84)

Reply of Government

The Pande Committee have also drawn attention to the need for the centralised maintenance organisation at Durgapur to be geared to discharge its duties in an efficient manner and the preventive maintenance and inspection procedures to be put on a sound footing with a view to reduce the down time of equipment. In this context, they have commended the system obtaining at Bhilai. Action is being taken by HSL to implement these recommendations and to introduce the revised system. Once maintenance of the mills is placed on a sound footing, their down time would be reduced and they would be available for operation for a longer period subject to demand.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 25)

Heavy inventories not only result in blocking of capital but also result in unnecessary expenditure on their care and maintenance. The Committee are concerned to note that the percentage of stock of stores and spares to the total consumption during the year instead of decreasing, increased from 163 per cent in 1963-64 to 257 per cent in 1965-66. The stocking of stores and spares which would be sufficient for 31 months based on current consumption is far excessive. It was admitted by the Secretary of the Ministry that the inventories in the Steel Plants of HSL were very high and this was seriously affecting the profitability of the Plants.

The Committee suggest that immediate steps should be taken to reduce the excessive inventories particularly the stock of stores and spares at the Durgapur Steel Plant. (*Para No.* 91).

Reply of Government

Noted. The Pande Committee appointed by Government in September, 1966, to conduct an expert review of the shortcomings in the performance of the Durgapur Steel Plant has also emphasised in its Report that efforts should be made to reduce the inventories of spare, stores semi and finished goods. The Committee has also recommended the creation of a high level organisation for planning and procurement of spares. Both these recommendations have been accepted by Government in the Department of Iron and Steel Resolution No. DUR-24(4)/66 dated the 19th July, 1967. Vigorous action is being taken to implement these recommendations. The list of insurance items is under preparation. Lists of slow-moving items have also been prepared, and such of the items as have been declared surplus are being disposed of. Slow-moving items of Plant Central Stores valued at approximately Rs. 20 lakhs have been disposed of out of a total value of Rs. 40 lakhs. Similarly out of a total value of Rs. 11·5 lakhs, items of Township Stores amounting to Rs. 6 lakhs have been disposed of. Slow-moving items of refractories amounting to Rs. 2 lakhs have been disposed of out of a total value of Rs. 8·64 lakhs. A Special Committee has completed a study of the formation of the high level organisation for planning and procurement of spares and the report of the Special Committee is presently under the consideration of the Company. In view of the importance of proper inventory planning and control in Industrial Management, Government have also constituted a Committee to conduct a detailed study over a period of time of the inventory system and the present level of inventories in selected Public Enterprises including HSL *vide* Min. of Finance, Deptt. of Co-ordination, Bureau of Public Enterprises Resolution No. 1(4)/66-Admn. I dated 30th March, 1967. The Committee will report as to whether the inventory held by these enterprises is related to actual production/operational requirements and will advise Government on the measures necessary to keep the inventory at economic levels and suggest improvements in the techniques of inventory management.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968.]

Recommendation (Serial No. 28)

The Committee do not object to the policy of delegation of powers to the General Managers in the interest of efficient working of the Plant, but wish, to emphasise that these powers should be exercised judiciously and with restraint, keeping in view the possible repercussions which creation of posts and the promotions might have on the staff working in the Plant itself or in other sister plants of HSL. The Committee are unhappy about some of the accelerated promotions referred to in para 101 of the Report. (*Para No.* 105).

Reply of Government

In their Report on the Head Office of HSL, the Committee on Public Undertakings had recommended that promotions to the level of Deputy Heads of Departments (Rs. 1300-1600) and above in the HSL should be done

on a Company wide basis. The Pande Committee had also made a similar recommendation. This recommendation has been accepted by the Government and is being implemented. This would obvite the problems referred to in para No. 105.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated* 15*th January*, 1968].

Recommendation (Serial No. 30)

It is regrettable that the complete estimates for Durgapur Steel plant were prepared and sanctioned for the one million tonne plant as well as for its expansion to 1·6 million tonnes, years after the taking up of the Project. The reason advanced that the execution of work was taken up depending sanctioning of the estimates, to expedite construction is hardly satisfactory.

The Committee have come across other cases of delay on the part of the Ministries in sanctioning capital estimates of the Public Under takings. They deprecate the tendency on the part of the Ministries to hold up sanctioning of the estimates until the whole process becomes a *post facto* affairs. The Committee see no reason as to why with proper planning it should not be possible for Government to call for complete estimates well in advance and to sanction them before taking up the work. (*Para No.* 116).

Reply of Government

Noted. In the case of projects under-taken more recently, *e.g.* Bokaro, the Project Estimates have been sanctioned at a very early stage of implementation of the project.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66 *dated* 15*th January*, 1968]

Recommendation (Serial No. 31)

The Committee would also point out that the absence of such estimates vitiates financial control of Parliament as it does not enable them to look into the economic aspect of the investment on project which they are called upon to approve. They, therefore, desire that in the interest of proper financial control and economy as well as speedy execution of projects detailed estimates should be prepared and sanctioned before any work is taken up for execution. (*Para No.* 117)

Reply of Government

Please see reply to para 116.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated* 15*th January*, 1968].

Recommendation (Serial No. 32)

The high cost of steel not only affects the financial working of the Plant but also has adverse repercussions on the manufacturing cost of the produets based on steel industry. The Committee therefore desire that concerted efforts should be made to reduce the production cost of steel. The Committee would invite attention in this connection to para 75 of their 28th Report on the Head Office of Hindustan Steel Limited. (*Para No.* 123).

Reply of Government

Please see Government reply to recommendation at serial No. 23 para 75 of the 28th Report of the Committee on Public Undertakings on the Head Office of HSL reproduced below:—

Recommendation at S. No. 23 of the 28th Report of CPU on Head office of HSL

The Mahtab Committee was also expected to investigate into the increase in the cost of raw materials. The Committee hope a sizeable reduction in cost of production will be achieved (*Para No.* 75)

Reply of Government

The Committee on cost of production of steel has made a number of recommendations for reducing the cost of production of steel. These have been brought to the notice of the steel producers for information. Cost of production both in the public and private sector steel plants has, however, shown an upward trend since 1964-65 on account of a number of external cost-raising factors including Devaluation; implementation of the recommendations of the Central Wage Boards for Iron & Steel Industry, Iron Ore Mining Industry and Limestone and Dolomite Mining Industries; increases in railway freight; slackening demand leading to non-utilisation of full production capacity; increases in electricity tariffs and duties etc.

[*Ministry of Steel Mines and Metals O. M. Nos. Parl* (6)-8/66, *dated the 15th and 17th January*, 1968]

Recommendation (Serial No. 33)

The Committee have examined the question of profitability of steel plants in general in para 62 of their 28th Report on Head Office of Hindustan Steel Limited. They would however add that considering the heavy loss suffered by the plant (Rs. 19·51 crores upto 1964-65), the working of the Plant upto that year cannot be considered satisfactory. The Committee desire that effective steps should be taken to work the Plant to its rated capacity and to effect economy in expenditure so as to improve its financial working. (*Para No.* 127).

Reply of Government

Subsequent to the receipt of the Committee's Report, Government appointed in consultation with HSL, one man Committee (Pande Committee).

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated 15th January*, 1968].

Recommendation (Serial No. 34)

The engagement of ex-Financial Adviser and Chief Accounts Officer of Durgapur Steel Plant as contract consultant discloses the following disquieting features:—

(*i*) No formal agreement was entered into with the ex-F.A. & C.A.O. for acting as contract consultant and H.S.L. was not legally bound to make any payment to him. In spite of this Rs. 20,000 were paid to him for acting as such.

(*ii*) He was drawing a salary of Rs. 2,000 p.m. before retirement while payment of Rs, 20,000 was made to him, for acting as contract consultant for 3½ months (from 21st February to 31st May, 1962),

(*iii*) He was paid a further sum of Rs. 15,000 for preparing a part of Stores Manual which was found to be unsuitable.

Since nothing tangible can be done by HSL, at this stage, the Committee would only express their displeasure over this matter. (*Para No.* 133).

Reply of Government

HSL has considered all the aspects of the question to prevent such instances in future. Instructions have been sent by the Head Office to all constituent Units of HSL in this regard.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated 15th January*, 1968]

Recommendation (Serial No. 36)

It is regrettable that even though the contractors and the F.A.&.C.A.O. had pointed out the need for finalizing outstanding issues as early as 1961, no proper machinery was set up to deal effectively with the issues arising out of the contract with ISCON. The result has been that even after more than three years of the completion of construction some of the major issues in dispute are yet to be settled. This has also involved avoidable payment of large fees to the Consultants. The Committee desire that the issues should be settled early.

Similar situations can also arise in other Public Undertakings which enter into contracts with various outside agencies. The Committee, therefore, suggest that suitable instructions should be issued to all concerned to ensure that proper machinery is set up to deal effectively with the issues arising out of such contracts. (*Para No.* 144).

Reply of Government

The negotiating Committee constituted by HSL & ISCON have settled all the outstanding issues.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated 15th January*, 1968]

Recommendation (Serial No. 37)

The Committee disapprove of payment to Consultants for years after completion of a project because certain issues remain unsettled. They would suggest that the Ministry of Law should be consulted so that Government does not enter into such agreements which bind it to continue to pay the Consultants after the completion of works in case certain issues remain disputed. (*Para No.* 145) .

Reply of Government

This is being examined in consultation with the Ministry of Law.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66 *dated 15th January*, 1968]

Further Reply of Government

The matter has been examined further. In future Hindustan Steel's Consultants will normally be their own Central Engineering and Design Bureau and, therefore, the question of payments to engineers/ consultants year after year after completion of works, etc. will not arise. However, the recommendation of the Committee on Public Undertakings is accepted. If there is any future occasion when agreements have to be entered into, Hindustant Steel will consult their Law Officers.

[*Ministry of Steel and Heavy Engineering O. M. No. Parl* (6)-8/66 *dated* 1*st March*, 1969]

Recommendation (Serial No. 39)

During the examination the Committee have noticed several shortcomings in the planning, executive and working of the Durgapur Steel Plant.

The Committee are aware that the running of a Steel Plant is a complex affairs calling for high degree of technical and managerial skill. The management had to face many difficulties in organising the human, material and financial resources required for the execution and running of this major project. The economic working of the Plant was rendered more difficult because of difficulties in obtaining raw materials of required quality, the continuous rise in their prices and heavy capital charges because of high capital block. The Committee have suggested certain measures to improve its performance. They trust that the management will direct all its energies to increase production and improve the financial working of the Plant. (*Para* No. 149-50)

Reply of Government

The observations of the Committee have been noted.

[*Ministry of Steel, Mines and Metals O. M. No.* (6)-8/66 *dated* 15*th January*, 1968]

CHAPTER III

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

Recommendation (Serial No. 1)

The Committee regret to note the inordinate delays in the construction/ commissioning of certain units of the Durgapur Steel Plant, which in some cases extended upto 13 months beyond the original schedule. Some of these units could not be commissioned for a long time after construction, because of inadequate stock of raw materials. Raw materials could not be stocked as H.S.L. had failed to provide tipplers at the Plant to handle the raw materials. The explanation which has been furnished by HSL for the delay in the procurement of the tipplers is not satisfactory. Considering that the Railways had informed HSL in 1958 that they intended to use Box type wagons after 1961 the failure of HSL to provide tipplers till 1964/66 shows lack of planning and foresight. (*Para No.* 13).

Reply of Government

The Contract for the Steel Plant was signed in October, 1956 and the construction started in 1957. The decision of Railways to use BOX wagons came long after construction had started. However, the mistake really was in determining the site and design of the foundation which delayed the whole programme of the installation of heavy duty tipplers. A claim was also preferred on ISCON for the additional expenditure incurred by HSL due to the wrong choice. Since then, all claims and counter claims with ISCON have been treated as closed as a result of the general financial settlement arrived with them. In the first stage expansion of HSL-Plants as well as Bokaro Railways are fully associated right from the Planning stage.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 9)

In the opinion of the Committee the Guarantee provision in the contract with ISCON was a defective one in as much as it provided for taking over of the Plant unit by unit or part of it after demonstration of its performance. The guarantee about the rated capacity could be said to have been satisfied only when each individual item of plant, machinery and equipment as well as the integrated unit has given the guaranteed output for a minimum specified period. The Committee desire that this aspect should be borne in mind while entering into such agreements in future. Necessary instructions should also be issued to all the Public Undertakings in this regard. (*Para No. 37*).

Reply of Government

Noted. Such a guarantee, however, can be possible only in the case of turn-key contracts, which are not favoured now, particularly with a view to maximising indigenous content in the plant.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 11)

The Committee are concerned to note that not only was there a loss of gas worth Rs. 85·88 lakhs, but the capital expenditure amounting in all to Rs. 35·17 lakhs incurred by the D.V.C. (Rs. 5·93 lakhs) and the Durgapur Steel Plant Rs. 29·24 lakhs) on making arrangements for the use of gas had become infructuous. It is unfortunate that the estimates prepared by the Consultants about the extent of surplus gas proved wrong. However, since HSL had made it clear to the D.V.C. that the supply of gas for power generation would be gradually reduced to nil, and the power station should be designed to utilise coke oven gas as and when available from the Steel Plant, it is not understood as to how the D.V.C. could stop taking gas from the Durgapur Steel Plant on the plea that the supply of gas had not been according to the original commitments. The Committee understand that one of the main consideration for locating the D.V.C's thermal station at Durgapur was that both gas and coal middlings produced by the Steel Plant could be used as fuel, thus securing full utilisation of the available resources. Further, in June, 1958 the Secretary of the then Ministry of Steel had informed the Secretary of the Ministry of Irrigation and Power that the adaptability of the furnaces at the Thermal Station to burn gases as well as coal was a part of the National Plan. In the circumstances, the furnaces of the thermal power station should have been designed to burn gas as well as coal. The Committee feel that full facts of the case have not come to light and in view of huge loss and infructuous capital expenditure, the matter requires detailed investigation. (*Para No. 44*).

Reply of Government

Noted. The observations of the Committee have been brought to the notice of the Irrigation and Power Ministry for necessary action.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66 *dated* 15*th January*, 1968].

Recommendation (Serial No. 14)

The Committee view with concern the delay of more than three years in obtaining the beneficiation Plant because of difficulty in getting loan from USAID. Considering that the non-availability of beneficiated iron ore resulted in increased consumption of raw materials and higher cost of production, Government should have made available the required foreign exchange from some other source rather than indefinitely depend on USAID for such a loan. It was admitted by the Secretary of the Ministry of Iron and Steel that looking in retrospect it would have been easier to get the required loan from U.K. The matter had recently been taken up with the Ministry of Finance for sanctioning the required loan from some other source. The Committee trust that this will now be expedited so that the beneficiation Plant could be set up early. (*Para No. 55*).

Reply of Government

Bolani Ores Ltd. have since withdrawn their expansion plans. HSL now propose to take over Bolani Ores Ltd. This proposal is under consideration.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 15)

The high ash content in the coal results in lower blast furnace output and consequently higher cost of production. The Committee desire that some suitable solution should be found in order to ensure supply of required quality of coal to the steel plants. They would also urge that the complaints from the Steel Plants regarding quality of coal supplied by the collieries should be dealt with quickly by the Coal Board and in case it is found that the coal supplied is inferior, immediate regradation should be done to avoid extra payments by the Steel Plant. The time taken at present in this regard, which was stated to be about 6 months, can hardly be considered satisfactory. (Para No. 57).

Reply of Government

The Ash content being generally high, a sizeable quantity is washed before it is fed to the Coke Ovens. With a view to conserving the limited resources of metallurgical Coal, the coking coal collieries have been linked with the steel plant and coal washeries. The available coal is allocated to steel plants and washeries by the Coal Controller on the dasign of technological requirements of the plants, taking into consideration the chemical analysis etc.

2. The following action has been taken to ensure supply of quality Coal—

(*i*) A Committee, consisting of the representative of coking coal producers and consumers, has been constituted, which would devise a mutually acceptable system of joint sampling of coal.

(*ii*) As an experimental measure, it has been decided to appoint an Independent Agency to carry out sampling and analysis simultaneously at 20 to 30 selected loading points and at destination. This Agency would also explain reasons for any variations in quality at the two points—loading and destination. The Agency has been selected and the work is likely to commence shortly.

[*Ministry of Steel, Mines and Metals O. M. No. Parl-6(8)/66 dated 9th January*, 1968].

Recommendation (Serial No. 16)

It is well known that the use of sinter not only results in lesser consumption of iron ore and coke but also increases production with resultant reduction in the cost of production. The delay in the setting up of this plant because of high price demanded by Bolani Ores Ltd. for the iron ore fines is rather surprising. Considering that out of five members of the Board of Directors of Bolani Ores Ltd., two Directors and the Chairman are nominess of Government (the General Manager of Durgapur Steel Plant himself being one of the member of the Board of Directors) they should have realised the urgency of the matter. Further delay in setting up the sintering plant has been caused because HSL took 13 months to award the contract after opening of tenders for which there is no adequate justification. The Committee trust that the target dates for the completion of this plant now fixed as 31st December, 1966, would be adhered to. (Para No. 61).

Reply of Government

The Sinter Plant could not be completed by 31-12-1966 due to delay in the civil engineering works of the Contractors and labour strike in their organisation. The plant was almost completed and ready for operation in March, 1967 and Preliminary Acceptance Tests were completed in April, 1967. Some defects had to be rectified and the plant was ready for commissioning in October, 1967, but could not be commissioned due to shortage in gas availability, arising from the damages to coke ovens. With the commissioning of the Fourth Battery of Coke Ovens and the Fourth B. F., HSL now propose to commission this as soon as production in the new Blast Furnace stabilises.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 17)

The maximum recovery and use of scrap lowers the cost of production of steel. Because of shortage of scarp, more hot metal was being used in the production of ingot steel. The Committee find that as early as March, 1961, the Financial Adviser and Chief Accounts Officer of the Plant had drawn attention to the short recovery of scrap and had pointed out that during the year 1960-61, scrap worth about Rs. 12 lakhs had not been recovered. The scrap, if recovered in full, could have contributed to a reduction in the cost of pig iron by nearly Rs. 4/- per tonne. It is regrettable that despite the matter having been brought to the notice of the Ministry and the Hindustan Steel Limited as early as March, 1961, no steps had been taken to effect full recovery of scrap. The Committee desire that the matter should be examined in all its aspects including the economics of taking up this work departmentally and steps taken to ensure maximum recovery of scrap. If even thereafter, the scrap is inadequate the desirability of supplementing it from outside sources, as is being done by Bhilai, might be examined. (Para No. 68).

Reply of Government

Durgapur Steel Plant were aware of the need for scrap recovery and a 10 years contract was concluded by them in December, 1961 with M/s. Thomas Mouget and Co. They had some difficulties in operation due to lack of spares and labour troubles but these have since been sorted out. The question of taking this over departmentally will be examined when the present contract expires in December, 1971.

[*Ministry of Steel, Mines and Metals O. M. No .Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 20)

During evidence it was admitted by the Chairman, HSL that the annual raw material losses at Durgapur were quite high (Rs. 80—100 lakhs in respect of major raw materials). It was fairly certain that there was deliberate under-loading sometimes and the position was admitted to be unsatisfactory. In spite of this no responsibility has been fixed for the losses and no disciplinary action taken. The Committee urge, that immediate

steps should be taken to prevent under-loading of wagons at the despatch points and to ensure safe custody of raw materials in the Plant. (Para No. 77).

Reply of Government

So far as coal is concerned, HSL are pressing with the coal trade the question of proper loading of wagons. As regards iron ore, negotiation are in progress for the taking over of Bolani Ores Ltd. Once it becomes a captive source for Durgapur, the problem of underloading will not be there.

[*Ministry of Steel, Mines and Metals O. M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968]

Recommendation (Serial No. 23)

The Committee find that in the U.S.S.R. about 75 blast furnaces are operating on high top pressure. It is reported to have increased production of iron by 6—8 per cent and there was also reduction in coke consumption. Even in the Bhilai Steel, Plant, the high top pressure has been used since and its use is stated to have resulted *inter-alia* in increased production of iron from 2777 tonnes to 3540 tonnes. In the circumstances the Committee see no reason as to why the plant should still find the need for experimenting with the utility of the high top pressure equipment and not using it to advantage as has been done elsewhere, At any rate the question of utility should have been examined before the equipment was purchased. (Para No. 85).

Reply of Government

This was gone into by the Pande Committee also. Apparently, there are some technical difficulties in utilising this equipment. The pande Committee have recommended that a Committee of experts at HSL level should go into this. HSL has been asked to take action accordingly.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 24)

The Committee understand that because of coke scarcity, the furnaces could not be blown to high wind volume for long periods and as such full benefit of high top pressure could not be achieved. That there should be coke scarcity when the production in the coke oven batteries at Durgapur is above the rated capacity, suggests that provision has not been made in the Coke Ovens for use of high top pressure equipment. HSL should take a firm decision about the utility of the high top pressure equipment. It cannot maintain that its use is advantageous at Bhilai while at Durgapur it is in an experimental stage. If it is beneficial to use it, provision should be made for its use in the expansion programme. (Para No. 86).

Reply of Government

Although production in the Coke Oven was above rated capacity, still there was coke scarcity owing to the higher consumption of coke which itself was due to the poorer quality received for coking purposes. The

coke scarcity increased further following extensive damages to the Coke Ovens.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 26)

It has been admitted in Parliament that the Steel Plants are overstaffed. The Committee feel that the Committee of Management which prescribed the standard force are mainly responsible for the existence of surplus staff in the steel plants. The strength laid down by them as double of the estimates prepared earlier in 1956 with the help of experts and even those in 1958 prepared by the then Secretary of the Company. The Committee are not aware of the data on which the Committee of Management or the plant authorities, who had taken over the residual work from the C.O.M. based their estimates of the staff requirements. But considering that the actual number of persons employed is less than the sanctioned strength, the Committee cannot help observing that the standard force was not realistically determined by the Committee of Management or the plant authorities. The determination of the staff strength at a high pitch has led to the filling up of the vacancies with redundant staff. (Para No. 97).

Reply of Government

The three steel plants in the public sector went into operation about the same time. Their manning had, therefore to be completed in a short period of time. Industrial engineering studies for the determination of the manpower on scientific lines would have taken a considerable time, particularly in view of the paucity of industrial engineers at that time. In these circumstances, the strength in each plant was not fixed precisely. For manning the expanded units, however, full use is being made of studies of industrial engineering departments in each of the plants.

In Bhilai, the standing force has been worked for 2·5 million tonne stage for works, administration and township departments excepting requirements of non-technical staff in the works departments, which is presently being studied by the industrial engineering department. In Rourkela, a standing force has been worked out for the 1·8 million tonne stage for the non-executives in the works departments on the basis of industrial engg. studies. Studies are in hand to fix the standard force for executives in the works departments and for non-works departments. In Durgapur standard force has been worked out for the 1·6 million tonne stage in respect of executives for all the works departments and executives and non-executives for other departments are under preparation. In addition, norms of labour productivity have also been worked by the Head Office of HSL for appraising plant estimates and controlling manpower through personnel budgets.

While thus the manning required for expanded plants is being determined on the basis of scientific studies undertaken by the industrial engg. departments, difficulties are being experienced in getting the agreement of employees to strengths so fixed, such agreement being essential in terms of current labour legislation. In view of such employee attitudes, it is likely

that the manning cannot be regulated strictly in terms of needs assessed on the basis of industrial engineering studies.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 27)

The Committee are also surprised to find that although it has been admitted that the Plant is overstaffed, the actual requirements of staff and the extent of surplus staff have not yet been determined on the basis of proper scientific studies. Unless the extent of surplus staff is determined, it would be difficult to solve the problem of overstaffing. The Committee would, reiterate the recommendation in para 90 of their 11th Report on Rourkela Steel Plant and desire that immediate steps should be taken to carry out such a study. (Para No. 98)

Reply of Government

Please see answer to S. No. 26 .

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 29)

It needs no emphasis that in the interest of efficient and economic working of a project, it is necessary that there should be complete understanding and co-operation between labour and management. The public enterprises have a special role to play in this regard. As pointed out in the Third Plan : "The large expansion of the public sector which is occurring and is being envisaged will make a qualitative difference in the tasks set for the labour movement and will facilitate the transformation of the special structure on the lines of the socialist pattern of society".

The Committee were assured that there has been a marked improvement in industrial relations at Durgapur since high level meetting in August, 1964. But as even after that there had been certain incidents there is need for a constant endeavour both on the part of the management and the labour unions to resolve differences through mutual discussions and voluntary arbitration rather than by resorting to strikes, lockouts or courts of law. (Para No. 110).

The Committee feel that if the Works Committee had functioned, it would have in a large measure helped in developing harmonious relations between the employers and the workers. They therefore, desire that immediate steps should be taken to revive the Works Committee. (Para No. 111).

Reply of Government

Admittedly, the industrial relations at Durgapur have been far from satisfactory and the Pande Committee has also drawn attention to this. In this connection, they have said :—

> "There could be several reasons for the state of industrial relations at Durgapur including a few lapses here and there on the part of the management, but the main source of trouble seems to be the

interest and participation of the political parties in wooing the respective unions for pushing their own party interests. It is to be considered very seriously whether the Plant in which Rs. 275 crores have already been invested and a further investment of more than Rs. 350 crores to double its capacity is contemplated and which if properly and profitably worked will bring great prosperity all round, could be allowed to suffer on this account".

Unfortunately, the industrial unrest in West Bengal became worse during 1967 due to several reasons and Durgapur suffered further. While measures are now being taken to enforce discipline and restore order, normalcy can return only when the inter-union rivalry end. In such a climate the works Committee could not have functioned effectively.

[*Ministry of Steel, Mines and Metals O. M. No.* (6)-8/66, *dated* 15*th January*, 1968].

Recommendation (Serial No. 35)

The Committee consider that the decision to set up the ice plant at Durgapur was ill-conceived. Since, as admitted by the Secretary of the Ministry, the demand for ice was not considered to be substantial, there was no justification for incurring large capital expenditure on the purchase of this plant especially when both the Durgapur Steel Plant authorities and the refrigeration engineer of the West Bengal Government opposed the proposal. As regards the view that it would have been difficult to find a private party to set up such a plant, the Committee find that no attempt was made to ascertain whether any private party was interested in it. Further the West Bengal Government had indicated that it might be possible for some private party to set up such a plant. In the circumstances, there appears to be no basis for the view held by the Ministry. Further insistence of the Ministry for purchase of the ice plant from one particular firm without calling for tenders requires thorough probe. (Para No. 138).

Reply of Government

According to the Contract with ISCON, for setting up a Steelworks at Durgapur, facilities had to be provided for a number of foreign personnel. A 300 room hotel was contemplated, as well as canteens, Central Kitchen etc. Durgapur has a long and severe summer and it was considered necessary that an Ice Plant should be set up departmentally to cater to all the needs in the beginning.

It would however be incorrect to conclude that orders for Ice Plant were placed without calling for tenders. On the advice of the Refrigeration Engineer, Government of West Bengal, quotations were called for from 4 firms of repute for the ICE Plant but no reply was received from those firms till the expiry of 1½ months.

As the Ice Plant was available ex-stock with the supplier—M/s. Voltas Ltd., a well known firm dealing with machiery of this type, and as it did not involve any foreign exchange, the purchase order was placed on the firm on the 29th May, 1957. Accordingly one 10-ton 'Carrier' Ice Plant and Cold Storage equipment was purchased from Voltas at a cost of Rs. 1,39,200/-.

There were some delays in setting up the plant due to various failures with the result that by the time it started producing, it was difficult to utilise it under competitive conditions.

The Ice Plant was never conceived as a commercial venture as it was known from the beginning that selling ice on a commercial scale would be difficult. The Ice plant was intended for supplying ice to Hospitals, Canteen, and employees of the Project. Attempts were made to market the ice pending assessment of the requirements for the amenity services. Results of investigations made showed that the requirements of ice by Steel Plant Employees at amenity rates were discouraging, as Employees in the higher income brackets have their own Refrigerator and the middle and low income groups still tend to consider 'ice' as a non-essential item of consumption. The requirement of ice was therefore, not sufficient for a moderate level of working of the Ice Plant. In view of this HSL come to the conclusion that Ice Plant should be sold at the best available price.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated 15th January*, 1968].

Recommendation (Serial No. 38)

The Committee would like to emphasise that both in order to achieve economy in the consumption of Steel and to reduce the cost of structurals, it is essential to develop lighter sections. It was stated during evidence that in the United States and certain European Countries the trend was to roll lighter sections. The Committee, therefore, suggest that early steps should be taken to produce these sections, even by installing new rolling mills, if necessary. (Para No. 148).

Reply of Government

Consequent on the Report of the National Council of Applied Economic Research on Savings in Structural Steel, the various recommendations made therein were examined in detail by several sub-committees and working Groups with a view to implement the suggestions. It has now been decided to constitute a "Steel Savings Board" to ensure implementation of the suggestions as far as possible. The Board will have representatives from concerned Government departments as well as from well known engineering Associations etc.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated 15th January*, 1968] .

CHAPTER IV

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

Recommendation (Serial No. 12)

The Committee find that the question of the price payable for the supply of gas by Durgapur Steel Plant to D.V.C. was initially taken up by the Secretary of the Ministry of Irrigation and Power as early as June, 1958. However, the matter is still under correspondence between the D.V.C. and Hindustan Steel Ltd. It is regrettable that even after a lapse of more than 7 year it has not been possible for the two public sector undertakings to settle this matter even after a Parliamentary Committee had expressed concern over it. (Para No. 46).

Reply of Government

Currently there is no supply of gas to D.V.C. from Durgapur Steel Plant, nor is any supply expected to be available in future. The problem is thus related to only a limited period. In order to settle this long outstanding issue, HSL offered to make an *ad hoc* settlement at a rate halfway between that asked for earlier and that offered by D.V.C. Although this letter was sent to D.V.C. in March, 1967, the matter does not appear to have been settled yet.

[*Ministry of Steel, Mines and Metals O.M. No. Parl* (6)-8/66, *dated* 15*th January*, 1968].

Comments of the Committee

Please see paras 1—3 of Chapter I of the Report.

CHAPTER V

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

NIL

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

NEW DELHI,
April 16, 1969.
Chitra 26 1891 (S)

APPENDIX

(*Vide* Para 4 of the Introduction)

Analysis of the action taken by Government on the recommendations contained in the Twenty-ninth Report of the Committee on Public Undertakings (3*rd Lok Sabha*)

1.	Total number of recommendations made . . .	39
2.	Recommendations which have been accepted by Government (*Vide* Sl. Nos. 2, 3, 4, 5, 6, 7, 8, 10, 13, 18, 19, 21, 22, 25, 28, 30, 31, 32, 33, 34, 36, 37 and 39.	
	Number	23
	Percentage to total	59%
3.	Recommendations which the Committee do not desire to pursue in view of Government's reply (*Vide* Sl. Nos. 1, 9, 11, 14, 15, 16, 17, 20, 23, 24, 26, 27, 29, 35 and 38	
	Number	15
	Percentage to total	38%
4.	Recommendations in respect of which replies of Government have not been accepted by the Committee	
	Number	1
	Percentage to total	3%
5.	Recommendations in respect of which replies of Government are still awaited	Nil

Sl. No.	Name of Agent	Agency No.
	DELHI	
24.	Jain Book Agency, Connaught Place, New Delhi.	11
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Moti 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.	Bookwells, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
	MANIPUR	
38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul, High School Annexe, Imphal.	77
	AGENTS IN FOREIGN COUNTRIES	
39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	59

© 1969 By Lok Sabha Secretariat

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifth Edition) and printed by the Manager Government of India Press, Faridabad.