

**COMMITTEE ON PUBLIC  
UNDERTAKINGS  
(1973-74)**

**(FIFTH LOK SABHA)**

**FORTY-EIGHTH REPORT**

**ON**

**[Action Taken by Government on the Recommendations  
contained in the Thirty-Ninth Report of the Committee  
on Public Undertakings (Fifth Lok Sabha)]**

**PYRITES, PHOSPHATES AND CHEMICALS LIMITED**

**(Ministry of Petroleum and Chemicals)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 1974 | Phalguna, 1895 (S)*

*Price : Rs. 1.30*

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COMMITTEE ON PUBLIC UNDERTAKINGS  
(1973-74)

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Shrimati Subhadra Joshi

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2. Shri Dinen Bhattacharya
3. Shri T. H. Gavit
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13. Shri U. N. Mahida
14. Shrimati Purabi Mukhopadhyay
15. Shri Suraj Prasad

SECRETARIAT

Shri M. A. Soundararajan—*Deputy Secretary*

Shri M. N. Kaul—*Under Secretary.*

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\*Appointed to act as Chairman from 16-5-1973 to 11-7-1973 during the absence abroad of Shrimati Subhadra Joshi.

COMMITTEE ON PUBLIC UNDERTAKINGS  
(1973-74)

COMPOSITION OF STUDY GROUP ON ACTION TAKEN  
REPORTS AND GENERAL MATTERS

1. Shrimati Subhadra Joshi—*Chairman*
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  3. Shrimati Purabi Mukhopadhyay
  4. Dr. Mahipatray Mehta
  5. Shri Lal K. Advani
  6. Shri U. N. Mahida
- } *Members*

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present the Forty-eighth Report on Action Taken by Government on the recommendations contained in the Thirty-ninth Report of the Committee on Public Undertakings (Fifth Lok Sabha) on Pyrites, Phosphates and Chemicals Limited.

2. The Thirty-ninth Report of the Committee on Public Undertakings was presented to Lok Sabha on the 27th April, 1973. The replies of Government (not vetted by Audit) to all the 43 recommendations contained in the Report were received in batches and the last batch was received on the 16th November, 1973. These were considered by the Committee on Public Undertakings on the 10th December, 1973, and it was decided to call for information on certain points arising out of the replies furnished by Government. The Committee also decided that the Report be finalised by the Chairman on receipt of further information from the Government.

3. Further information sought in respect of certain points was received on the 24th December, 1973. The Report was finally adopted by Committee on Public Undertakings on the 21st February, 1974.

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

- (i) Report.
- (ii) Recommendations that have been accepted by Government.
- (iii) Recommendations which the Committee do not desire to pursue in view of Government's replies.
- (iv) Recommendations in respect of which replies of Government have not been accepted by the Committee.
- (v) Recommendations in respect of which final replies of Government are still awaited.

5. An analysis of the Action taken by Government on the recommendations contained in the Thirty-ninth Report of the Committee is given in Appendix. It would be observed therefrom that out of



the total number of recommendations made in the Report, 27.95 per cent have been accepted by the Government. The Committee do not desire to pursue 37.20 per cent of the recommendations in view of the Government's replies. Replies of Government in respect of 23.25 per cent of the recommendations have not been accepted by the Committee. Final replies of Government in respect of 11.60 per cent of the recommendations are still awaited.

SUBHADRA JOSHI,  
*Chairman,*  
Committee on Public Undertakings.

NEW DELHI;  
March 4, 1974.

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Phalguna 13, 1895 (S) .

## CHAPTER I

### REPORT

#### *Amjhore Project—Paragraphs 2.19 and 2.20 of 39th Report* **Recommendation (Serial Nos. 2 & 3)**

The Committee took a serious view of the fact that the Company was allowed to continue to incur expenditure on the project without any sanction of the revised estimates by Government and even before determining the economics of the project. The Committee therefore strongly urged that Government should carefully examine the economics of the revised project from all aspects and take steps to sanction the revised estimates without any further delay. It was also pointed out that where the economics of the project were adversely affected as a result of revised estimates of expenditure, the matter should be specifically brought to the notice of Parliament without avoidable delay.

2. In their reply, the Government stated that the Revised Project Report for the production of 900 tonnes of pyrites ore per day, as approved by the Board of Directors of Pyrites, Phosphates and Chemicals Limited, was received on 18th April, 1973, and was being examined carefully keeping in view the observations made by the Committee. The Committee were also informed that in the light of certain discussions in the context of the difficulties that arose as a result of the reduced off-take of ore by the Sindri Sulphuric Acid plant which affected the optimum utilisation of the facilities already developed at Amjhore, the scheme was being suitably rephased and that the matter would be placed before the Public Investment Board for investment decision as soon as possible.

3. The Committee note that the revised estimates received by Government in April, 1973 are still under their examination. The Committee therefore reiterate their earlier recommendations and desire that Government should critically examine the economics of the project on the basis of revised estimates and take an early decision in the matter.

#### *Deployment of Costly equipment—Paragraphs 6.15 and 6.16 of 39th Report*

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

4. The Committee pointed out that the detailed project report prepared by the Company in July, 1964 and sanctioned by Govern-

ment in January, 1965 recommended *inter-alia* the procurement of gathering arm loaders and of shuttle cars without mentioning any detailed justification therefor, although the Indian Bureau of Mines did not recommend the use of these equipments in the project reports prepared by them in May, 1961 and December, 1963. The Committee were informed that the provision for the procurement of the equipment was made in the Detailed Project Report by the company to accelerate the pace of development of the mine and to synchronise it with the date of commissioning of the Sulphuric acid plant at Sindri in September, 1968.

5. The Committee also noted there was gross under-utilisation of these loaders and the shuttle cars and that their performance was very poor as compared with the standards fixed in the Detailed Project Report. As the work progressed, it was realised that under the geological conditions prevailing in the mine, loaders and shuttle cars were not suitable. The Committee felt that the need for the equipment should have been closely examined after a detailed study of the geological conditions and taking into account all relevant factors and the purchase if at all should have been made in a phased manner as recommended by Technical Advisory Committee after gaining experience instead of acquiring the equipment in one lot.

6. The Committee also regretted that in order to make use of the loaders and shuttle cars, which were found unsuitable under the geological conditions prevailing in the mines, the Company had to develop galleries wider than actually necessary and this involved an extra expenditure on timber|steel support, which could have been otherwise avoided.

7. In their reply the Government stated that deployment of shuttle cars and loaders was made as per the Detailed Project Report which was examined in detail by the Technical Advisory Committee consisting of eminent mining experts.

8. While using the shuttle cars and loaders poor roof conditions were noticed and the galleries had to be supported by timber|steel supports. The extra expenditure on the supports was necessary to ensure safety and utilisation of the equipment as poor roof conditions were noticed while utilising the equipment. When it became clear, that even the extra expenditure was not resulting in economic utilisation of the shuttle cars and loaders, the Company decided to withdraw them and also narrow down the size of the galleries, thus reducing the use of timber|steel supports. This being the first pyrite mine to be developed in the country, the company was operating for the first time in many areas.

9. The Committee are not satisfied with the reply furnished by the Government. It does not indicate the reasons as to why provision for these loaders and shuttle cars was at all made in the DPR and why they were procured by the undertaking without the detailed study of the geological conditions and the need for deployment of such equipments. The Committee, therefore, reiterate their earlier recommendation and still feel that the extra expenditure incurred on the procurement of equipment on timber and steel support just to make use of equipment was infructuous.

*Overall performance—paragraph 6.21 of 39th Report*

*Surplus Stores—Paragraph 10.11 of 39th Report*

#### **Recommendation (Serial No. 12 & 29)**

10. The Committee regretted that in spite of the recommendations of the Technical Advisory Committee that the machinery should be procured in phases, the Company procured in 1967-68 and 1968-69 all the key mining machinery of value of Rs. 237 lakhs for production of 800 tonnes of pyrites ore per day, whereas it was decided in December, 1969 to freeze the production of 400 tonnes per day thus rendering equipment of the value of Rs. 166.89 lakhs surplus. Out of these, machinery worth Rs. 71.81 lakhs had been disposed of or transferred to other projects and machinery worth Rs. 95.08 lakhs were still pending disposal. The Committee took a serious view of the purchase of the key mining machinery in one lot in spite of the recommendation of the Technical Advisory Committee and recommended that the matter should be further investigated and responsibility fixed on the erring officers and the Committee informed of the action taken. The Committee also desired that the Company should dispose of the surplus equipment in the best interests of the project.

11. In their reply the Government stated that the Managing Director, Pyrites, Phosphates and Chemicals Limited was asked on 15th November, 1973 to investigate the circumstances leading to purchase of the pyrites key mining equipment in one lot and also to fix responsibility for lapses and omissions involved.

It was also clarified that the net realisation on account of the sales of the equipment so far had been more than the book value and the total profit on this account was about Rs. 4 lakhs.

12. The Committee also noted that the Company was carrying a large stock of slow moving and non-moving stores worth Rs. 12.83 lakhs even after disposal of stores amounting to Rs. 21.58 lakhs in

1971-72. The Committee were also informed that surplus ores of value of Rs. 13.95 lakhs as on 31st March, 1972 consisted spares for shuttle cars and loaders (Rs. 8.95 lakhs) and steel and G.I. pipes (Rs. 5 lakhs). The Committee desired that the Government should investigate the circumstances under which the purchase of stores especially spares and steel items had been made in excess of the requirements.

13. In their reply the Government stated that an appropriate quantum of spares, shuttle cars and loaders had been disposed of along with the machineries. All possible efforts were being made to dispose of the idle machinery lying with the Company along with their spares.

14. The Government have also stated that the Managing Director was asked to investigate the matter on 15th November, 1973. The report of the investigation is expected to be submitted by February, 1974.

15. The Committee regret to note that though the 39th Report of the Committee on Public Undertakings on PPCL was presented to Lok Sabha in April, 1973 the Managing Director was asked to investigate the matter on 15th November, 1973 i.e., after more than six months and the report of investigation is yet to be received. The Committee strongly urge that the Government should act quickly in such matters to fix the responsibility and with a view to taking corrective measures for the future.

16. The Committee note that equipment worth Rs. 95.08 lakhs is still pending disposal. The Committee therefore, reiterate their recommendation that the Company should take steps to ensure that the surplus equipment is disposed of early in the best interest of the project.

**Outstanding due from FCI Sindri for ore supplied—Paragraphs 8.5 and 11.28 of 39th Report.**

#### **Recommendation (Serial Nos. 20 and 31)**

17. The Committee desired that the Government should take a serious note of the present situation that because the cost of producing pyrites ore was very high, the Fertilizer Corporation of India was not prepared to pay that price. The Committee urged that the Government should find a way out immediately to resolve this problem to the mutual benefit of Pyrites, Phosphates and Chemicals Ltd., and Fertilizer Corporation of India keeping in view the cost of the

end product. In spite of recommendation of Sale Price Committee and the award of the Financial Adviser of the Ministry the sale price was not accepted by the two public undertakings. The Committee also understood that the matter was again referred to the Financial Adviser for an early settlement.

18. In their reply Government stated that Shri S. K. Majumdar had since submitted his revised report on pricing of pyrites supplied by Pyrites, Phosphates and Chemicals Ltd., to Fertilizer Corporation of India. The comments of Pyrites, Phosphates and Chemicals Ltd., on the supplementary report had been received but those of the Fertilizer Corporation of India were awaited. A final decision in the matter would be taken as soon as the views of Fertilizer Corporation of India become available.

19. The Committee regret to note that the final decision with regard to the fixing the sale price of ore has not yet been taken. They therefore reiterate their recommendation that the Government should expedite their decision in the matter to the mutual interest of both, as it vitally affects the working results of both the undertakings.

*Deterioration of pyrites ore supplied to FCI Sindri—Paragraph 8.28 of 39th Report.*

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

20. The Committee regretted that during the transit of ore from Amjhore to Sindri some of the wagons were even found missing. The Committee also regretted that there were large shortage in the quantity of ore in transit. However, it was not possible to lodge any claims with the Railways for shortages as there were no facilities for weighing the Railway wagons either at Dehri-on-Sone or at Sindri and the receipt of the material were being recorded on the basis of R/R weights. The Committee were informed that some steps had since been taken to avoid shortages both during transit and at plant site. The Committee expressed the hope that with the introduction of these measures losses due to shortages, deterioration of ore and other causes would be eliminated.

21. The Government stated in their reply that a Committee of the Board of Directors of FCI were considering the question of settlement of pyrites found short or unfit and action would be taken thereafter. In regard to pyrites lost during transit, the Fertilizer Corporation of India had already lodged claims with the

Railways and they were being pursued. It was also stated that the shortages in pyrites as between Dehri-on-Sone and Sindri were due to the different methods in vogue for weighing the material. For loading the wagons at Dehri-on-Sone the R|R weight was computed on the basis of the volumetric measurement whereas at Sindri the weights were on the basis of Weigh Bridge recording.

22. In regard to missing wagons, it was stated that claims were lodged in time against the Railways by the Fertilizer Corporation of India and were being pursued. In one case pertaining to July, 1968, the wagon had been transhipped and the material since received at site.

23. The Committee are surprised to find that material loaded in one of the wagons in July, 1968 was received at site in 1973—after the lapse of 5 years. During this long transit period, the pyrites might in all probability have been rendered unfit for use. The Committee desire that Government should investigate into the matter and fix responsibility for the inordinate delay and loss suffered on this account.

24. The Committee also regret that the claims lodged with the railways in the three cases of missing wagons more than three years back have not yet been settled. The Committee would, therefore, like the Government to take this matter seriously at the highest level and ensure that these claims are settled without any further delay.

*Staff—Paragraphs 12.22, 12.23 and 12.24 of 39th Report*

#### **Recommendation (Serial No. 34)**

25. The Committee felt that the actual staff on 31st March, 1972 was much in excess of requirements keeping in view the low production. It was admitted by the representative of the Ministry during evidence that there were 92 workmen 'who are deemed to be permanently surplus to requirements'. The Committee therefore urged that the reasons for such over-staffing should be investigated and it should be ensured that overstaffing is avoided in the interest of efficiency and bringing down the cost of production. The Committee also suggested that there should be a cell in the company to carry out a work study at periodical intervals and staff should be deployed in various jobs taking into account the reports of such work study.

26. In their reply the Government stated that the over-staffing at Amjhore was mainly attributable to low offtake of pyrite ore. With the increase in production levels, some surplus staff would be absorbed in the mine itself. Meanwhile, efforts were continuing with the Ministry of Steel and Mines to get the surplus staff absorbed in the Public Undertakings under their control such as the National Coal Development Corporation, Hindustan Steel Construction Limited, Bharat Coking Coal Ltd., etc. It was also stated that the Company was holding discussion with consultants, such as the Administrative Staff College, Hyderabad and M/s Ibcn Ltd., Calcutta for carrying out certain studies relating to Organisation and Managerial manpower planning. The Management of Pyrites, Phosphates and Chemicals Ltd., was also considering creation of an Industrial Engineering Cell in the Company to carry out, as suggested by the Committee, work study periodically so as to employ the staff more usefully.

27. The Committee hope that as a result of these studies the Government would take concrete steps to fix suitable staff standards and utilise the staff more usefully. The Committee also desire that Government should see that staff rendered surplus are absorbed in other public undertakings under their control.

*Operational Efficiency—Paragraph 12.30 of 39th Report*

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

28. The Committee noted that actual production per man since the commencement of production in the PPCL had been much below than what was envisaged in the Detailed Project Report and also lower than what was even envisaged in the revised Phase I programme due to excessive staff including daily rated workers and the decision to scale down the production to 1.2 lakhs tons in Phase I. The Committee were informed that no scientific study was made while determining the production per man. The Committee, therefore, urged that effective steps should be taken to improve the efficiency and increase productivity with a view to ensuring an economic price for the ore and for the acid.

29. In their reply the Government stated that the low productivity of workers was mainly attributable to the limited demand of pyrites ore by the Acid Plant at Sindri because of which production had to be restricted. As soon as the requirement of ore



increased, all possible steps would be taken to increase the productivity. Meanwhile, the company had taken certain steps to improve the efficiency of the workers. A proposal was under consideration of the Board of Directors to appoint a reputed consultant to conduct special studies and suggest introduction of suitable incentive schemes to help further improve productivity.

**30. The Committee urge Government to take an early decision in the matter and to see that the study is completed expeditiously so that the result of the study might be available for taking steps to improve the efficiency, increase the productivity and ensure an economic price for the ore and for the acid.**

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation (Serial No. 1)

The Committee regret to note that the revised estimates of the project for achieving the production of 800 tonnes per day approved by the Board in January, 1968 exceeded the original estimates sanctioned by the Government in January, 1965 by 66.7 per cent. The Committee note that the excess was mainly either on account of inadequate provision of plant and machinery and pre-stopping development due to inclusion of items not provided for in original estimates. The Committee also note that in April, 1968 the Company decided to restrict the development and production of pyrites in two phases, Phase I from February, 1967 to mid-1971 for production of 400 tonnes per day. The project has incurred on expenditure of Rs. 606.72 lakhs upto the end of March, 1972.

The Committee are constrained to observe that the Project estimates were not carefully worked out taking into consideration all the relevant items. The Committee were informed that these omissions occurred in 1965 when there were no settled procedures. Since then the Government had in 1969 prepared and circulated a detailed note on it. The Committee hope that these instructions would be kept in mind by the company while preparing the Revised Estimates now stated to be on hand for production capacity of 900 tonnes per day.

(Paragraphs 2.17 and 2.18)

#### Reply of Government

The observations of the Committee have been noted and it will be ensured that omissions of the type referred to do not recur. Among other things the detailed procedural instructions for preparation of feasibility study for public sector projects are strictly adhered to while preparing the revised project report for production

of 900 tonnes of pyrites are per day. The assessment of the profitability of the project has also been made in accordance with these instructions.

[Ministry of Petroleum and Chemicals, O.M No. 125 (28) | 72-Ferts-III Dated 4-10-73]

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

The Committee note that the Indian Bureau of Mines in their original project of May, 1961 based on a demand of 4.8 lakh tonnes preferred the 'longwall' method of mining as the geological conditions, output capacity, etc. were more favourable for adoption of that method. Later, the Detailed Project Report of January, 1965, recommended that the initial method of mining should be the 'bord and pillar' method. When the Technical Advisory Committee which consisted of eminent mining engineers, examined the project report in June, 1968 to January, 1969, that Technical Committee recommended adoption of the long wall method considering the technical aspects, experience in India, higher percentage of extraction etc. than under bord and pillar method. Later, the Management again switched over to the 'bord and pillar' method considering the unhappy experience of the longwall method in the coal fields, lack of trained workers in the longwall method etc. The Committee also note that on account of readoption of longwall system, prestoping development would be needed only for 13,560 metres against 17,140 metres envisaged in the Detailed Project Report. The Committee regret to note that though the meterage got reduced, the reduction did not result in any savings.

The Committee were, however, informed that at present, the Company has decided to keep the pattern of mining flexible and adopt both the methods depending on roof conditions, spread of ore and other factors. The Committee expect that before adopting any particular method, the company would carefully work out and examine among others the comparative economics of both the methods since there seemed to be advantages as well as disadvantages under both the systems. The Committee need hardly stress that whatever be the method adopted for mining, the aim of the company should be extraction of ore at most economic cost and its sale to another public sector undertakings at a competitive price.

(Paragraphs 2.36 and 2.37)

### Reply of Government\*

The recommendation is accepted. Past experience has shown that it would be best to have a flexible pattern of mining in such cases. Accordingly, in the revised project report for production of 900 tonnes of ore per day, it is proposed to obtain about 26 per cent of production from long wall panels, 64 per cent from bord and pillar panels and 10 per cent from development faces.

[Ministry of Petroleum and Chemicals, O.M No. 125(28)|72-  
Ferts-III Dated 4-10-73]

#### Recommendation (Serial No. 6)

The Committee regret to note that the exploration work for the production of 1 million tonnes of pyrites ore per annum which was taken up on the basis of assessment of demand from various consumers had ultimately to be suspended in March, 1969, as the reserve of pyrites ore in the working block and the two adjoining blocks were considered to be adequate to sustain a production of 1400 tonnes per day for 7 years and there was not much demand for pyrites. In the meantime, an expenditure of Rs. 18.60 lakhs had been incurred on exploration work. The Committee feel that had a firm demand for the supplies of ore been secured before commencement of the exploration work, the large expenditure incurred on exploration work could have been avoided. The Committee would only suggest that there should be greater co-ordination between FCI andn PPC so that development of mine could be metched with the demands of FCI.

(Paragraph 3.21)

### Reply of Government

Government accept the récommendation in regard to greater co-ordination between FCI and PPC. The production|mine development at Amjhore is being synchronised with the demand for the ore at Sindri. Fertilizer Corporation of India have, in consultation with Pyrites, Phosphates and Chemicals Limited, drawn up their maximum and minimum requirements of pyrites ore year-wise upto 1977-78. Pyrites Phosphates and Chemicals Limited are presently negotiating a commercial agreement with Fertilizer Corporation of India in regard to the supply of ore. The agreement will, *inter-alia*, cover schedule of despatch, quality of ore, mode of payment etc.

\*Not vetted by Audit.

It is also our endeavour to promote maximum possible coordination between the two public sector organisations. Already, the General Manager, Sindri is a member of the Board of Directors of Pyrites, Phosphates and Chemicals Limited; one of the full time Directors of Fertilizer Corporation of India also functions as the part-time Chairman of Pyrites, Phosphates and Chemicals Ltd.

[Ministry of Petroleum and Chemicals, O.M No. 125(28)|72-Ferts-III Dated 15-11-73]

### **Recommendation (Serial No. 17)**

The Committee find that although according to the contract the Sulphuric Acid Plant should have been commissioned in September, 1968, it was actually commissioned in July, 1969. Because of the delay of ten months in the commissioning of the plant, additional expenditure had to be incurred on staff salaries and other benefits amounting to about Rs. 6 lakhs, besides the loss of production during this period. The Committee were informed that the delay was due to the late supply of boilers by another firm over which the main contractor had no control. Unfortunately, no penalty could be recovered from the contractor because of a provision in the contract which provided that the time specified in the contract for the completion of the work was subject to the fulfilment of the condition that the execution of the work by the contractor would not be held up by any cause or delay beyond his reasonable control.

The Committee regret to note that because of this lacuna in the contract, no penalty could be levied on the contractor. The Committee were assured by the representative of the Ministry during evidence that now a days they were referring all contracts for the advice of the Ministry of Law and these pitfalls were being avoided. The Committee hope that such lacuna in contracts will not recur in future.

(Paragraphs 7.56 and 7.57)

### **Reply of Government**

The observations of the Committee have been noted for guidance.

[Ministry of Petroleum and Chemicals, O.M No. 125(28)|72-Ferts-III Dated 15-11-73]

**Recommendation (Serial No. 25)**

The Committee find that the exploratory work done at Saladipura and the preliminary feasibility study carried out by M/s. R.T.Z. Consultants Ltd. indicated that the Saladipura sulphide deposit was a major source of indigenous sulphur and if the mines could be developed the acid available would be of the order of 3 lakh tonnes in 1980 and 6 lakh tonnes in 1982. The Committee also note that bulk samples of ores at Saladipura were of 23 per cent sulphur grade but could be beneficiated to 40 per cent. The Committee were also informed that the beneficiated ore and consequently the acid would cost more. The Committee stress that Government should undertake a thorough and critical techno-economic study of the project so as to ensure that the shortcomings faced at Amjhore mines are not allowed to recur at Saladipura. The Committee feel that the aim should be production of fertilizer at an economic price so that these become available to the cultivator at a competitive price.

(Paragraph 9.11)

**Reply of Government\***

The recommendation is accepted. The techno-economic and other aspects referred to by the Committee are already receiving the close attention of Government and a final decision on the development of the Saladipura deposits would be taken after a careful assessment is made of all these aspects.

[Ministry of Petroleum and Chemicals, O.M No. 125(28) |72-Ferts-III Dated 4-10-73]

**Recommendation (Serial No. 27)**

The Committee expect that the Company|Government would make a cautious approach towards the exploitation of the mines at Meldeota after assuring themselves of a regular off-take of rock phosphate.

(Paragraph 9.20)

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\*According to Audit reply not susceptible of verification in Audit (1973-74)

### Reply of Government

The recommendation is accepted, but it may be pointed out that the tests on the rock phosphate mined at Maldeota have shown that it is suitable for use as an ingredient in the PNK fertilizer mixtures. On the basis of these tests Pyrites, Phosphates and Chemicals Limited has secured orders for supply of about 1330 tonnes of rock phosphate per month to the various fertilizer units in South India.

[Ministry of Petroleum and Chemicals, O.M No. 125(28)/72-Ferts-III Dated 4-10-73]

### Recommendation (Serial No. 28)

The Committee note that one of the objectives of the Company was raising, assembling and transporting of pyrites, phosphates and associated ores in such areas in India and elsewhere for sale or use and manufacture of sulphuric acid, phosphoric acid, phosphates and or other products requiring such ores. The Committee regret to observe that PPCL has so far no perspective planning of taking over other phosphoric and pyrites mines in India and bringing them under their purview for development. The Committee recommend that the Government should examine the feasibility of drawing up a perspective plan for the development of these ores deposits in the country. (Paragraph 9.23).

### Reply of Government

The recommendation of the Committee has been noted for guidance. The Pyrites, Phosphates and Chemicals Limited has under its consideration the taking up of the development and exploitation of rock phosphate deposits in several other areas and some preliminary studies are in hand. The Company has been asked to finalise its proposals in this regard expeditiously.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts III, Dated 22-10-1973.]

### Recommendation (Serial No. 30)

The Committee regret to note that no effective steps have still been taken for a proper and a scientific material management. The Company should streamline its purchase and procurement procedure so that purchases are not made in excess of requirements and inventory is not unduly loaded at any time. The Committee also recommend that there should be a regular and periodic review of the in-

ventory with a view to identifying surplus stores and taking action for their disposal in time. (Paragraph 10.12)

### Reply of Government

The Company has since taken steps to streamline the purchase and procurement procedure so as to avoid purchases in excess of requirements. The purchase of stores is assessed on the basis of the stocks held and the consumption during the previous years so that accumulation of stocks does not take place. The recommendation of the Committee that there should be a regular and periodic review of the inventory with a view to identifying surplus stores and taking action for their disposal in time is accepted. The company is deputing a senior official for advanced course in the Administrative Staff College, Hyderabad in this connection. It is expected that this training should stand him in good stead in effecting appropriate improvements in the materials management of the Company.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts III, Dated 15-11-1973.]

### Recommendation (Serial No. 40)

The Committee regret to note the several deficiencies in the costing system followed by the Company. There is no system of making analysis of idle time of labour and machinery. No analysis of expenditure was also being made into direct and indirect cost etc. to exercise proper control over expenditure. The Committee are surprised as to how any cost control was being exercised by the Management in the absence of such basic information. The Committee would urge that steps should be taken by Management to put the costing system on a sound basis to exercise more effective and close control over expenditure. (Paragraph 13.37)

### Reply of Government

The recommendations of the Committee have been noted for guidance. The company is already analysing the expenditure into direct and indirect as well as fixed and variable costs. Detailed analysis of stores, cost for mining and maintenance is also being made on a monthly basis. Analysis of idle time of labour and machinery will be made when the production reaches the level of rated capacity of the mines. Pyrites, Phosphates and Chemicals Limited further propose to commission a reputed management consultant to make



an in-depth study of their financial and costing systems and suggest the needed improvements in the existing systems.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/  
72-Ferts III, Dated 8-11-1973.]

#### **Recommendation (Serial No. 41)**

The Committee regret to note that though it is now more than 4 years since internal audit was introduced, the Company has not finalised in Internal Audit Manual nor defined the scope of work of the Internal Audit. The Committee recommend that in order that Internal Audit be really helpful to the Top Management, the Company should locate 'Internal Audit' as far as possible in Project site or nearer to it. The Committee also recommend that Internal Audit Cell should be activised so that all the aspects of working of the Company may be brought under their purview for a thorough check.

(Paragraph 13.42)

#### **Reply of Government**

The Internal Audit Manual has since been prepared by the Company and is under consideration of its Board of Directors. It has also been decided to shift the Internal Audit Cell to the Amjhore Project site. Appropriate action is being taken to activise the Internal Audit Cell as recommended by the Committee.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/  
72-Ferts III, Dated 8-11-1973.]

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

The Committee note that necessary action has since been taken to compile an Accounting Manual for the use of officers of the Company and the Committee hope that it would be ready as scheduled.

(Paragraph 13.46)

#### **Reply of Government**

Noted. Necessary steps are being taken to expedite the preparation of the Accounting Manual.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/  
72-Ferts III Dated 15-11-1973]

**Recommendation (Serial No. 43)**

The Committee regret to note that the low production in the Amjhore Mines not only resulted in non-utilisation of the imported key-mining equipment but also in extra expenditure of Rs. 2.77 lakhs (till November, 1970) on electricity charges on account of the actual off-take energy being far below the contracted demand. The Committee desire that the Company should take immediate steps to work out the minimum requirements of power on a realistic basis and enter into an agreement with the Bihar State Electricity Board so as to avoid payment of electricity charges in excess of actual consumption. (Paragraph 13.55)

**Reply of Government**

The recommendation of the Committee has been noted. Assessment of the minimum requirements of power is being made by the Company, where-after, the Bihar State Electricity Board will, if necessary, be approached for effecting suitable modifications in the agreement.

[Ministry of Petroleum and Chemicals. O.M. No. 125(28)/  
72-Ferts III, Dated 8-11-1973]

### CHAPTER III

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

### Recommendation (Serial No. 5)

The Committee regret to note that there has been delay of about two years in obtaining the key mining equipment required for the mines at Amjhore. The delay has been attributed mainly to the difficulty in getting the foreign exchange required for the import of the machinery. To bridge the time lag due to delay in procuring the machinery and to expedite the development of the mine, the company resorted to measures which resulted in additional expenditure of Rs. 23.92 lakhs including purchase of additional machinery of the value of Rs. 5.62 lakhs from the NCDC. However, these machinery could be used only intermittently due to frequent repairs and ultimately laid off for want of fast moving spares and sold back to the NCDC at a loss of Rs. 0.18 lakhs.

The Committee regret to note this lack of synchronisation of the programme of mine development with the establishment of Sulphuric Acid Plant.

The Committee do not appreciate the undue haste in procuring from NCDC machinery meant for coal mining without verifying the suitability and the condition of such machinery even when there was no provision for them in the project estimates.

The Committee are also distressed to note that the efforts and extra expenditure incurred to speed up production did not serve the purpose since the Acid Plant which was expected to be commissioned in September, 1968, was actually put on trial runs in July, 1969 and even thereafter it was not working satisfactorily.

(Paragraphs 3.10—3.12)

### Reply of Government

The observations of the Committee have been noted and care will be exercised to obviate recurrence of such situations in future. It is, however, reiterated that the delay in procurement of equipment was primarily due to (i) reluctance of foreign suppliers, notably

French and Swedish, to supply the equipments under Suppliers' Credit arrangements with their respective countries; (ii) the difficulty in release of free foreign exchange in view of the acute foreign exchange situation then prevailing and the embarrassment which such release would have caused to Government when it was not in a position to release free foreign exchange for imports from countries for which necessary credit facilities were not likely to be available, and (iii) the time taken in obtaining DGTD clearance in the context of maximum possible use of the existing fabrication facilities in the country.

In regard to para 3.11 the company was aware that the shuttle car and loaders purchased from NCDC were coal model. The company, however, expected that these could run in the mine with the reduced capacity and the workers could be trained in the operation and maintenance of these equipments. It is submitted that these difficulties would not have been foreseen as the Amjhore Pyrite Mines were the first of their kind to be operated in the country.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts III, Dated 15-11-1973]

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

The Committee regret to note that the average actual production during the last three years 1969-70 to 1971-72 has been even less than one third of target with the result that the cost of production is expected to be Rs. 283.75 per M.T. as against the estimated rate of Rs. 160.02 per M.T. The Committee were informed that the Simon Carves Sulphuric Acid Plant was expected to achieve production at 400 tonnes a day by April, 1973 and the Bulgarian plant expected to go into production by middle of 1974. Therefore the Company would be increasing the production to 900 tonnes per day by the middle of 1974, which target is even more than the production capacity proposed to be developed in the second phase.

The Committee regret to note that developed capacity could not be exploited in full first due to lack of an assured demand and later on account of defective Acid Plant at Sindri. The Committee were informed that the production programme of pyrites ore is now to be linked up with the progress of the construction and commissioning of the Bulgarian Acid Plant. The result has been that the cost of production is almost double the estimated rate with consequential adverse effect on the cost of acid and finally on the end product. The Committee take a serious view of this lack of proper planning and would urge that the Government/FCI should ensure that both

the Simon Carves and Bulgarian Acid Plants should keep up to their schedule of going into production by April, 1973 and 1974 respectively, so that the tempo of production could be increased and the cost of pyrites ore brought down. (Paragraph Nos. 4.10 and 4.11)

### Reply of Government\*

The Simon Carves Plant could not be operated at full production on both streams mainly due to fluctuations in the quality of pyrite ore, limitation in the capacity of the crushing system and leakages in the boiler. While these defects are being rectified, the plant is being run at lower capacity resulting in lower demand for pyrites.

The delays in the schedule of commissioning of the Bulgarian Acid Plant have been due to:

- (i) The Sindri Rationalisation Scheme, of which this plant is a part was held up for sometime due to uncertain economics of producing pyrites ore of the required quality and quantity;
- (ii) Most of the equipments for the Bulgarian Sulphuric Acid Plant including the crushing and grinding systems are indigenous and there has been considerable delay in their delivery.

As per present indications, the Simon Carves Sulphuric Acid Plant, after rectification of defects, is expected to achieve higher levels of production by end of 1973 or beginning of 1974, and the Bulgarian Sulphuric Acid Plant is expected to be commissioned by the middle of 1974 if the schedule for delivery of equipment presently indicated by the suppliers is kept up. During evidence before the Committee (reproduced at pages 29-30 of the report), this Ministry had stated that the Simon Carves Sulphuric Acid Plant was expected to be ready towards the end of 1973 or early 1974 for full operation on both streams, and not by April, 1973 as stated in para 4.10).

The production of pyrites at Amjhore is linked with the construction and commissioning of the Bulgarian Sulphuric Acid Plant and tentative minimum and maximum requirements of pyrites, over

the next five years have been worked out jointly by Pyrites, Phosphates and Chemicals Ltd. and Fertilizer Corporation of India as indicated below:—

	Maximum (Tonnes)	Maximum (Tonnes)
1973-74	55,000	61,000
1974-75	112,500	125,000
1975-76	144,000	160,000
1976-77	196,200	218,000
1977-78	243,000	270,000

A commercial agreement for supply/off-take of pyrites is presently under negotiation between the two companies.

Under the revised programme production at a level of 900 tonnes per day is proposed to be achieved when demand for the ore reaches 270,000 tonnes by the year 1977-78.

[Ministry of Petroleum and Chemicals. O.M. No. 125(28)/72-Ferts III, Dated 15-11-1973]

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

The Committee have also come across several cases of defective or inadequate investigations by Indian Bureau of Mines which have resulted in additional expenditure to the undertakings and also affected the economics of their working. The Committee need hardly stress that Government should issue strict instructions defining clearly the role of Indian Bureau of Mines now Geological Survey of India and stress that before entrusting works to Geological Survey of India there should be definite stipulations between the undertakings and Geological Survey of India. (Paragraph 4.25)

### **Reply of Government**

While the work relating to assessment of ground water resources has been transferred to the Central Ground Water Board, the work of detailed mineral explorations has been entrusted to another Public Undertakings, namely, Mineral Exploration Corporation, set up in October, 1972. The functioning of Geological Survey of India is now confined mainly to basic geological mapping and proving of reserves.

The Mineral Exploration Corporation is functioning on commercial lines as far as contractual jobs are concerned. This is to be done by signing contracts on mutually acceptable terms, for works that may be assigned to the Mineral Exploration Corporation by undertakings/parties and this would contain definite stipulation between the undertakings and the Mineral Exploration Corporation.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts III, Dated 4-10-1973.]

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

The Committee regret to note that the question of setting up a broad-gauge railway line between the stock-pile base at the Amjhore mines and the nearest rail-head at Dehri-on-Sone, a distance of 35 Km. only, has been engaging the attention of the Government since 1964 without any conclusive decision. Meanwhile the ore is being transported from Amjhore to Dehri-on-Sone for onward transmission to Sindri by Road. The Committee understand that a cement factory in the private sector located near Amjhore is prepared to share the capital cost with the Pyrites, Phosphates and Chemicals Limited and the Railways towards the construction of a broad-gauge railway line and that they are also prepared to give a guarantee for railway line and that they are also prepared to give a guarantee for a certain minimum traffic. Negotiations in this regard are said to be in progress. The Committee would urge that the matter should be finalised by Government expeditiously keeping in view the economics and the time taken in the transportation of ore by the rail and road. (Paragraph 5.7)

### **Reply of Government\***

Although the construction of the proposed broad gauge railway line has been under the consideration of Government for quite some-time, the matter could not make much progress mainly because firm data regarding traffic availability for the proposed railway line were not available. With the firming up of the mining programme at Amihore to meet the requirements of the two sulphuric acid plants at Sindri and more precise information becoming available about the traffic which might be offered by other industrial units in the Dehri-on-Sone Amjhore/Banjari region, the question of construction of a broad-gauge railway line has been reviewed. The matter was recently examined at a meeting in the Ministry of Petroleum and Chemicals which was attended by representatives of the Planning Commission, Ministry of Railways (Railway Board), Govern-

\*Not vet ed by Audi'

ment of Bihar and Pyrites, Phosphates and Chemicals Limited. The position emerged during the discussions that in order to make the proposed railway line economically viable, a traffic of at least 2 million tonnes per annum would be necessary. It is felt as things stand, traffic from Amjhore mines together with the traffic from from the adjoining industrial units may not come to this level at least for some time. Hence further studies are being made to locate additional traffic. Alternative mode of financing the construction of the railway line is also being considered. The cement factory in the private sector has expressed its inability to share the capital cost of the proposed branch line with Pyrites, Phosphates and Chemicals Limited. It may be some time before the matter is finally settled.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts  
III, Dated 4-10-1973.]

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

The Committee find that apart from the consideration to locate the Sulphuric Acid Plant near the point of consumption of the acid, one other consideration weighed with Government for locating the Sulphuric Acid Plant of Sindri instead of near the mine, was that the cinder might be of use in the steel plant located in the vicinity of the Sulphuric Acid Plant. The Committee regret to note that this did not materialise and the cinders were not used by the Steel Plant and only stray attempts were made for their disposal, otherwise they were being dumped by the Fertilizer Corporation of India. The Committee are of the opinion that an analysis of the cinders should have been made to find out whether it contained any metal-value and whether there was an assured off-take of cinders by Steel Plants.

As pointed out in the report of the Committee of Experts, the disposal of cinders would pose a serious problem at Sindri, as it would require land acquisition on a large scale and stabilisation of fire material so that they do not get blown around by wind or pollute the atmosphere in the Sindri colony and result in progressively increasing lead in the disposal of cinders and consequent increase in the cost of disposal.

The Committee also feel that the economics of locating the plant near the consumption point should have been gone into more thoroughly taking into account difficulties regarding disposal of cinder, transport of ore/acid, etc. The Committee feel that in retrospect it would have been more advantageous to have located the



acid plant near the mine site as part of the Company, as the difficulties now being faced regarding shortage/deterioration of ore in transit, low off take of Ore, etc. would have been avoided. (Paragraph 7.12).

### **Reply of Government\***

The decision to locate the sulphuric acid plant at Sindri instead of at Amjhore was taken on techno-economic considerations. The study made had shown that the cost of acid produced at Amjhore and brought to Sindri would be higher than that of acid produced at Sindri from Amjhore Pyrites. The setting up of the plant at Amjhore would have required an additional expenditure of about Rs. 400/- lakhs on infrastructure facilities; these were already available at Sindri. Another factor in favour of Sindri was the non-availability of requisite tank wagons for transporting the acid from Amjhore to Sindri.

2. Utilisation of cinder is under investigation and Fertilizer Corporation of India is pursuing the matter with various institutions and firms. Presently cinder cannot be utilised by steel plants due to low iron, high silica and high sulphur content contained therein. Bokaro Steel are, however, making further investigations and are setting up a pilot plant for conducting tests in this regard. Utilisation of cinder in place of sand for stowing purposes is also under consideration of the Coal Board and the Bharat Coking Coal Company who have requisitioned 100 tonnes per day for trial purposes for stowing of the mines replacing sand. There is sufficient low lying area in the vicinity of the Sindri Factory which could be utilised to dispose of cinder during the next 15 years.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/772-Ferts. III, dated 4-10-73]

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

The Committee desire that the problem of disposal of cinders should be viewed with seriousness and efforts made to find an abiding solution for their disposal so that they may not create pollution problems which may prove to be health hazard. (Paragraph 7.13).

### **Reply of Government\***

As indicated in reply recommendation No. 13, efforts are already under way with a view to finding a solution to the problems of disposal of cinder and possible utilisation thereof in Steel and Coal Industries.

Until such time as an effective solution is found, the Fertilizer Corporation of India are taking effective steps to dump the material in specially demarcated low lying areas at Sindri with adequate precautions so that it does not cause any health hazard or pollution problem.

[Ministry of Petroleum and Chemicals O.M. No. 125(28) |  
72-Ferts III, Dated 15-11-1973]

### Recommendation (Serial No. 16)

The Committee find that the original estimates of the sulphuric acid plant sanctioned by Government in 1965 for Rs. 261.58 lakhs, were revised by the Board in 1968 and sanctioned by Government in April 1969 for Rs. 450.50 lakhs. The actual expenditure incurred upto 31st March, 1972, however, exceeded even the revised estimates by Rs. 32.18 lakhs. The Committee regret to note that the original estimates were not prepared carefully after taking into consideration all the probable items of expenditure like custom duties, provision for spares, etc. As pointed out during evidence, according to FCI, the original estimates were on the low side as the provision for departmental works was inadequate and it did not include provision for several items like pyrites storage building, grab crane, pay-loader, water treatment plant, development expenditure, working capital, etc. The Committee have repeatedly emphasised that the estimates for any project should be prepared as realistically as possible in the beginning and should be made available to Government and Parliament before the project is sanctioned. It is highly improper that the Government proceeded with the setting up of a project of this dimension without a clear idea as to the ultimate financial commitment thereon. It is unfair to the Parliament and to the country to make them commit to a project on piece-meal basis from year to year without giving a true and realistic picture of the final cost of the project in the beginning, and presenting the final expenditure on the Project as *fait accompli*.

The Committee have also been informed by the representative of the Ministry during evidence that the actual expenditure on the project is likely to exceed the revised estimates by Rs. 54 lakhs which is more than 10 per cent of the sanctioned estimates. The Committee however, find that according to the instructions issued by Government *vide* Ministry of Finance O.M. No. 9(I)-F/61, dated the 22nd September, 1967 sanction of the Administrative Ministry is called for where actual expenditure on any component of the sanctioned estimates exceeds 10 per cent of the sanctioned amount for the component.

The Committee feel that as the actual expenditure under "Development Expenditure" had exceeded by more than 10 per cent even upto 31-3-1970, the Management should have approached the Ministry for regularisation/sanction at that time, notwithstanding the fact that overall actual expenditure had not exceeded the overall sanctioned estimates. The Committee also feel that it is irregular to incur large expenditure in excess of the sanctioned estimates without prior approval of the prescribed authority. The Committee, therefore, desire that the revised estimates of the project should be finalised early and approval of the Government obtained therefor.

(Paragraphs 7.36 & 7.37).

### **Reply of Government**

The observations of the Committee have been noted for guidance, and every care would be exercised to avoid re-urrence of such situation in future.

The Fertilizer Corporation of India have since submitted the revised cost estimates of the Simon Carves Sulphuric Acid Plant; these are under examination.

[Ministry of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts. III, dated 15-11-1973]

### **Further Information Called for by the Committee**

Nothing has been said in the reply about the finalisation/approval of the revised cost estimates of the Simon Carves Sulphuric Acid Plant. It is therefore requested that information in this regard may please be furnished to this Secretariat immediately.

(L.S. Sectt. O.M. No. 15-PU/73, Dt. 24-12-1973)

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

The first revised project cost estimate of the sulphuric acid plant was approved by the Government in April, 1969. These estimates were based on the assumption that the plant would go into commercial production by April, 1969. However, the Commercial production could commence only towards the end of September, 1971, necessitating a further revision of the cost estimates. The further revised cost estimates were received in the Ministry towards the end of October, 1973 and are being examined.

[Ministry of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts. III, dated 11-1-1974]

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\*Not vetted by Audit.

### Recommendation (Serial No. 19)

It is needless for the Committee to point out that unless the cost of production of pyrites at Amjhore is brought down and the price at which the pyrites would be supplied by PPCL to FCI settled the economics of the Sulphuric Acid Plant at Sindri would continue to be precarious. The Committee note that the cost of production of Sulphuric Acid as estimated in August, 1964 was Rs. 144.65 per tonne, but the actual cost of production was as high as Rs. 427.17 per tonne from pyrites of 33+3 per cent S. grade ore and Rs. 380.15 per tonne from pyrites of 33+3 per cent S. grade ore. The actual cost was based on the assumption that in case (A) the cost of pyrites will be Rs. 150/- per tonne ex-Dehri on Sone excluding royalty and sales tax and in case (B) Rs. 200/- per tonne. Although the Mazumdar Award is there, the FCI has not accepted the basis on which PPCL is billing them. The Committee need hardly stress that Government should take decision as to which of the two grades of ore they would like Amjhore Mine to provide depending on the extent to which they are willing to bear the financial burden so that this issue of fixing a sale price is settled without loss of any further time. (Paragraph 7.73).

### Reply of Government\*

The Committee's observations regarding the high cost of production of sulphuric acid resulting from high cost of production of pyrites ore have been noted. Every possible effort is being made to bring down the cost of production of pyrite ore.

Pyrites, Phosphates and Chemicals Limited have been generally supplying pyrite ore of 33+3 per cent 'S' grade except some small quantity of different grades supplied earlier. The cost of production of sulphuric acid worked out at Rs. 380.15 per tonne in Case (A) is based on a sale price of Rs. 150/- per tonne of pyrites (ex-Dehri on Sone excluding royalty and sales tax) of 33+3 per cent 'S' Grade ore and in case (B), the cost of production of sulphuric acid at Rs. 427.17 per tonne is based on a sale price of Rs. 200/- per tonne (ex-Dehri on Sone excluding royalty and sales tax) of pyrite ore of the same grade, i.e. 33+3 per cent 'S' [The Comptroller and Auditor General of India has pointed out that the actual cost of production of sulphuric acid during the period 1-10-1971 to 31-3-1972 was Rs. 376.69 per tonne in Case (A) and Rs. 424.54 in case (B).]

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\*At the time of factual verification the Ministry of Petroleum and Chemicals have stated that the Chief Cost Accounts Officer of the Ministry of Finance has since been requested to undertake the cost study of pyrites with a view to determining a fair selling price for the ore of the aforesaid grade. As soon as his Report is received, final decision in the matter would be taken.

As regards the issue of fixing the sale price for the pyrite ore supplied by Pyrites Phosphates and Chemicals Limited attention is invited to reply to Recommendation No. 31.

[Ministry of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts.  
III, dated 22-10-1973]

### **Recommendation (Serial No. 22)**

The Committee find that as the issue price of pyrites ore has not yet been settled, the question as to who should bear the loss, the PPCL or the FCI is still under dispute. It is strange that while there has been a loss of Rs. 5.73 lakhs to the national ex-chequer, neither of the two companies is prepared to accept it and it has not been shown in the accounts of either of them. The Committee desire that this matter should be settled expeditiously. (Paragraph 8.14).

### **Reply of Government**

The Pyrites, Phosphates and Chemicals Limited have stated that the value of the deteriorated ore rejected at Dehri-on-Sone is included in the expenditure incurred by the Company during the year 1969-70.

[Ministry of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts.  
III, dated 15-11-1973]

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

The committee would like to point out that the pyrites by its very nature is not suitable for haulage over a long distance. During transportation its quality gets deteriorated. The experience of Amjhore pyrites being transported to Sindri has not been very happy. It is, therefore, advisable to locate a fertilizer complex, including sulphuric acid plant close to the mine site. The Committee hope that this aspect be kept in view when the Saladipura pyrites deposits are developed. (Paragraph 9.12).

### **Reply of Government**

Government have noted the suggestion of the Committee. It may, however, be pointed out that subsequent to the setting up of Simon Carves Plant, another sulphuric acid plant (Bulgarian Plant) based on Amjhore pyrites is being set up at Sindri as a part of the Sindri Rationalisation Scheme. On a request from Government of Bihar for shifting the Bulgarian Plant to Amjhore, the matter was examined in depth but it was found that both from the angle of economics and operation, it would be of definite advantage to have

this plant at Sindri as it formed an integral part of the Sindri Rationalisation Scheme for production of Sulphuric acid, Phosphoric acid and Triple Superphosphate. The by-product gypsum would also be utilized at Sindri for the production of ammonium sulphate. In the case of the sulphuric acid plant based on Saladipura pyrites, the development is proposed as an integral part of the proposed fertilizer complex in Rajasthan based on pyrites and rock phosphate deposits. The location of this complex would be determined keeping in view all the relevant technical and economic considerations, and in the light of the observations of the Committee.

[Ministry of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts. III, dated 8-11-1973]

### **Recommendation (Serial No. 32)**

The Committee are surprised to find that in spite of the fact that a Director of the Fertilizer Corporation of India is the Chairman of the Pyrites, Phosphates and Chemicals Limited, there is lack of coordination between the two Public Undertakings and many points of dispute exist between them vitally affecting the working of the Pyrites, Phosphates and Chemicals Limited. It only goes to prove the apprehension of the Committee that a part-time Chairman is not of much functional value. The Committee would urge that the Government should review the position and combine the post of Chairman and Managing Director in Pyrites, Phosphates and Chemicals Limited. This would also be in consonance with the recommendations of the Administrative Reforms Commission which had been accepted by the Government. (Paragraph 12.5).

### **Reply of Government**

The recommendation of the Committee has been noted. While the need to have a whole time Chairman and Managing Director would be reviewed at an appropriate time with regard to the work load and other relevant factors including the development of the Saladipura Pyrites Deposits, it is considered that in view of the present close linkage between Fertilizer Corporation of India and Pyrites, Phosphates and Chemicals Limited it would for the present be in the best interests of Pyrites, Phosphates and Chemicals Limited to have a Director of the Fertilizer Corporation of India as its Chairman.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts. III, dated 4-10-1973]

### Recommendation (Serial No. 33)

The Committee note that at present the Chief Mining Engineer Amjhore Mines is also performing the duties of the Managing Director. Needless to say that in an organisation like the Pyrites, Phosphates and Chemicals Limited which has its projects spread over in three different States, the Managing Director has to perform onerous duties and it is too much to expect the Chief Mining Engineer to do justice to his duties both as the Chief Mining Engineer and the Managing Director. It is unfortunate, the Government have not filled up the post of the Managing Director on a regular basis for over one year. The Committee hope that the Government would soon appoint a person to perform exclusively the duties of the Chairman-cum-Managing Director, so that undivided attention may be given for the improvement of the Undertaking. (Paragraph 12.6).

### Reply of Government

The post of Managing Director has been filled on regular basis with effect from the 23rd January, 1973.

2. With regard to the appointment of Chairman-cum-Managing Director, attention of the Committee is invited to the reply to Recommendation No. 32.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts. III, dated 4-10-1973]

### Recommendation (Serial No. 36)

The Committee feel that lack of adequate housing facilities and suitable means of transport for the workers to enable them to reach the mine adits had to some extent affected the efficiency in the working of the mines. The Committee would, therefore, like Government/Undertaking to give a serious thought to this problem and take concrete measures to provide the necessary housing and transport facilities to the workers (Paragraph 12.32).

### Reply of Government

Pyrites, Phosphates and Chemicals Limited already have a plan to construct 180 numbers of miner's quarters during the current year but its implementation has been held up because the land required for the purpose has not yet been handed over to the Company. Compensation for the said land has already been deposited with the State Government. Pyrites, Phosphates and Chemicals Limited have a further programme of constructing a large number of miners' quarters when the revised programme for production of

900 tonnes per day of ore is taken up for implementation.\* Similarly, transport facilities are also proposed to be provided to the daily rated workers to enable them to reach the mine adits when the expansion programme of the mines is implemented. Necessary provision, in this regard, has been made in the cost estimates of the revised project.

[Ministry of Petroleum and Chemicals O.M. No. 125(28)|72-Ferts III  
dated 8-11-73]

### Recommendation (Serial No. 37)

The Committee are concerned to note that the Amjhore mines have not been able to produce the requisite type of pyrites ore (40 per cent S. Grade quality), on which the Sulphuric Acid Plant of Sindri was based. The cost of conversion of the 33+3 per cent ore by beneficiation for supply to the Sindri Plant is also prohibitive. As a result, the entire project of mining of pyrites and then producing sulphuric acid out of it, has run into difficulties. The choice is either to use lean pyrite with elemental sulphur or to beneficiate pyrites. The cost of production of pyrites ore at Amjhore mines has also been very high. Even assuming that the plant is able to produce ore of 33+3 per cent S grade ore at this cost and the roasters/plants are suitably modified to use 30—36 per cent S. Grade for producing acid to full capacity the cost of production of sulphuric acid would come to Rs. 283 per tonne as against the cost of Rs. 196 per tonne with elemental sulphur and Rs. 253 per tonne with mixing sulphur and pyrites. However, before deciding on any of the alternatives, the production capacity of the Amjhore mines and the extent of foreign exchange required for import of sulphur will have to be taken into consideration.

For the manufacture of fertilizer, the pyrites based plants have to incur additional expense on account of increased capital cost and operating cost compared to sulphur based plants and unless raw materials were available to the plant at reasonable prices, it would not be possible for the plant to compete in fertilizer market with other plants based on imported raw materials.

The Committee were informed that until the Simon Carves Plant and the Bulgarian Plant go into production to achieve 1200 tonnes of acid per day, the cost of ore/acid cannot be lower. The Committee, therefore, recommend that Government should ensure that two acid plants are fully commissioned according to revised schedule so that the off-take from the Amjhore Mine may improve and the cost of production reduced.

(Paragraph 13.20 to 13.22).



**\*Reply of Government**

Pyrites, Phosphates and Chemicals Limited are in a position to supply 33+3 per cent S grade ore for the Cimon Carves Sulphuric Acid Plant. Efforts are continuing to improve the grade further. For running the plant on pyrites mixed with sulphur, the foreign exchange expenditure would come to about Rs. 79 lakhs (for acid production of 200,000 tonnes/annum and at sulphur price of Rs. 275 per tonne CIF) while an expenditure of Rs. 282 lakhs in foreign exchange would be required if the plant is to run on sulphur alone. It will, therefore, be advantageous to run the plant on pyrites mixed with sulphur although it is true that a plant run on pyrites mixed with sulphur will increase the cost of production of the acid. However, it is submitted that the performance of a plant of this type based on an indigenous raw material like pyrites would have to be considered in the context of the wider benefits accruing from import substitution rather than in strictly economic terms *vis-a-vis* a sulphur based plant for acid production.

The position regarding the commissioning of the two sulphuric acid plants is stated in reply to recommendation No. 7.

[Min. of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts. III dated 15-11-1973].

**Recommendation (Serial No. 38)**

The Committee also recommend that the economics of the alternatives for use of the Amjhore ore should be critically examined and final decision arrived at. Government should also take steps to fix the cost of pyrites ore to the mutual benefit of PPCL and FCI.

(Paragraph 13.23).

**Reply of Government**

The economics of alternatives for use of Amjhore pyrites has already been indicated in the reply to recommendation No. 37. It may be added that the use of indigenous pyrites as a measure of partial import substitution, and wider considerations such as the cost benefit of replacing the imported raw material, providing employment opportunities to the local population, revenue to the State Governments and the general development of industrially backward area have also to be taken into account.

In view of all this, dependence on indigenous pyrites, though a little costlier, would be preferable to dependence on comparatively

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\*According to Audit reply not susceptible of verification in Audit.

cheaper, but imported sulphur. There is no guarantee that sulphur price will remain pegged down at the existing level; in fact sulphur prices have already registered an increase in the recent past. In addition, there is always an element of uncertainty in regard to the assured supply of imported raw materials

As regards fixation of cost of pyrites ore, attention is invited to Government's reply to Recommendation No. 31.

[Min. of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts.  
III dated 15-11-1973].

### **Recommendation (Serial No. 39)**

The Committee are distressed to note that the Company had suffered a loss of Rs. 126.26 lakhs upto 31st March, 1972 which comes to more than 20 per cent of the paid up capital. The loss would be still more if the losses on account of shortages and deterioration of pyrites or the loss, if any, which may arise on account of final sale price of the ore, are taken into consideration. There was also an expenditure of Rs. 6.39 lakhs incurred on the proposed elemental sulphur plant which was to be ultimately written off and thereby increase further the loss of the company. The Committee would urge that immediate steps should be taken by the Management/Government to accelerate the production in the two Sulphuric Acid Plants, as scheduled in April, 1973 and 1974 respectively, so that the rate of production at the Amjhore mines could be increased so as to check the mounting losses of the company and to ensure that it remains available economic entity rather than becoming a burden on the national exchequer.

(Paragraph 13.33).

### **Reply of Government\***

As stated in the reply to recommendation No. 7, the Simon Carves Sulphuric Acid Plant, after rectification of defects, is expected to achieve higher levels of production by end of 1973 or beginning of 1974. and the Bulgarian Sulphuric Acid plant is expected to be commissioned by the middle of 1974 if the schedule of delivery of equipments presently indicated by the suppliers is maintained.

[Min. of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts.  
III dated 15-11-1973].

## CHAPTER IV

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

#### Recommendation (Serial No. 2)

The Committee are surprised to find that even after the lapse of four years, the revised estimates approved by the Board in January, 1968 have not been sanctioned by the Government due to non-finalisation of the unit cost of mining pyrites ore and the decision to construct the Bulgarian Acid Plant and thereby enlarge the scope of the project. The committee were informed that a fresh revised estimate is being prepared under the enlarged scope and that Government would take a decision about the revised estimates and sale price of pyrites thereafter. The Committee take a serious view that the Company was allowed to continue to incur expenditure on the project without any sanction of the revised estimates by Government and even before determining the economics of the project. The Committee would strongly urge that Government should carefully examine the economics of the revised project from all aspects and take steps to sanction the revised estimates without any further delay.

(Paragraph 2.19).

#### Reply of Government

The revised project cost estimates for a production of 900 tonnes of pyrites per day have been received by the Government and are being examined carefully keeping in view the observations made by the Committee. Cost estimates of the project are expected to be approved early.

[Min. of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts.  
III dated 15-11-1973].

#### Further Information Called for by the Committee

The revised estimates originally approved by the Board in January, 1968 were being revised again enlarging the scope. There is

no indication in the Government's reply as to when the revised estimates were actually received by them and how soon they expect to sanction the same.

Please furnish detailed information in these regards and also the outcome of the study of the economics of the project.

[Lok Sabha Sectt. O.M. No. 15-PU/73 dated 13-12-1973].

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

The Revised Project Report for the production of 900 tonnes of pyrites ore per day, as approved by the Board of Directors of Pyrites, Phosphates and Chemicals Limited, was received on 18th April, 1973. It has been under discussion in the context of the difficulties that arose as a result of the reduced off-take of ore by the Sindri Sulphuric Acid Plant. This, in turn stood in the way of optimum utilisation of the facilities already developed at Amjhore. There is also the connected question of synchronising development of the mine facilities with the plans for stepping up sulphuric acid production at Sindri. In the light of these discussions etc. the scheme is being suitably rephased and the matter will be placed before the Public Investment Board for investment decision as soon as possible.

[Ministry of Petroleum and Chemicals, O.M. No. 125/28/72-Fert. III, dated 22-12-1973.]

#### **Comments of the Committee**

Please see Chapter I of the Report.

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

The Committee would also like in this connection to draw the attention of Government to paras 1.7 and 1.9 of the Fiftieth Report of the Public Accounts Committee (Fourth Lok Sabha) on New Services and New Instrument of Service and stress that effective action should be taken by the Government to implement the recommendations and take prior approval of Parliament in case of substantial revision. The Committee also expect that while examining the question of according approval to revised estimates Government would seriously consider its effects on the economics of the Project. The

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\*Not vetted by Audit.

Committee feel that where the economics of the project are adversely affected as a result of revised estimates of expenditure, the matter should be specifically brought to the notice of Parliament without avoidable delay.

(Paragraph 2.20)

### **Reply of Government**

The matter is under consideration.

[Ministry of Petroleum and Chemicals, O.M. No. 125/28/72-Fert. III, dated 15-11-1973.]

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

The revised estimates originally approved by the Board in January, 1968 were being revised again enlarging the scope. There is no indication in the Government's reply as to when the revised estimates were actually received by them and how soon they expect to sanction the same.

Please furnish detailed information in these regards and also the outcome of the study of the economics of the project.

[Lok Sabha Sectt. O.M. No. 15-PU/73 dated 13-12-1973.]

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

The Revised Project Report for the production of 900 tonnes of pyrites ore per day, as approved by the Board of Directors of Pyrites, Phosphates and Chemicals Limited, was received on 18th April, 1973. It has been under discussion in the context of the difficulties that arose as a result of the reduced off-take of ore by the Sindri Sulphuric Acid Plant. This, in turn stood in the way of optimum utilisation of the facilities already developed at Amjhore. There is also the connected question of synchronising development of the mine facilities with the plans for stepping up sulphuric acid production at Sindri. In the light of these discussions etc. the scheme is being suitably rephased and the matter will be placed before the Public Investment Board for investment decision as soon as possible.

[Ministry of Petroleum and Chemicals, O.M. No. 125/28/72-Fert. III, dated 22-12-1973.]

### **Comments of the Committee**

Please see Chapter I of the Report.

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\*Not vetted by Audit.

**Recommendation (Serial No. 11)**

The Committee noted that the detailed project report prepared by the Company in July, 1964 and sanctioned by Government in January, 1965 recommended *inter alia* the procurement of gathering arm loaders and of shuttle cars without mentioning any detailed justification therefor, although the Indian Bureau of Mines did not recommend the use of these equipments in the project reports prepared by them in May, 1961 and December, 1963. The Technical Advisory Committee, who examined the DPR recommended that equipment for the project should be procured in a phased programme. In spite of this advice, the Company placed orders for the equipment valued at Rs. 96.18 lakhs in January, 1966 and equipment was received during June, 1967 and November, 1967 and thereafter installed them in the first quarter of 1968. The Committee were informed that because of delay in placing the order and uncertainty in release of foreign exchange the orders had to be placed in one lot. The Committee regret to note that there was gross under-utilisation of these loaders and the shuttle cars (as mentioned in para 6.4) and that their performance was very poor as compared with the standards fixed in the Detailed Project Report. Later on, as the work progressed, it was realised that under the geological conditions prevailing in the mine, loaders and shuttle cars were not suitable. The Committee are therefore, constrained to observe that necessity to acquire those equipment should have been carefully gone into initially, after a detailed study of the geological conditions. The Committee were informed that the provision for the procurement of the equipment was made in the Detailed Project Report by the Company to accelerate the pace of development of the mine and to synchronise it with the date of commissioning of the Sulphuric acid plant at Sindri in September, 1968. The Committee regret to find that the objective with which the Company had gone in for the equipment had not been achieved. The Committee feel that the need for deployment of equipment should have been closely examined after taking into account all the relevant factors and the purchase if at all should have been made in a phased manner as recommended by Technical Advisory Committee after gaining experience instead of enquiring the equipment in one lot.

The Committee also regret to note that in order to make use of the loaders and shuttle cars, which were found unsuitable under the geological conditions prevailing in the mines, the Company had to develop galleries wider than actually necessary and this involved an extra expenditure on timber/steel support which could have been otherwise avoided.

(Paragraph 6.15 and 6.16)

### Reply of Government

The deployment of shuttle cars and loaders was made as per the Detailed Project Report which was examined in detail by the Technical Advisory Committee consisting of eminent mining experts. The Committee's recommendation for effecting purchases of equipments on a phased basis could not be acted upon in view of the constraint on our foreign exchange resources. The time schedule for the completion of the mining project had also to be compressed so as to match the pyrites requirement of the sulphuric acid plant at Sindri.

As regards 6.16 it is submitted that poor roof conditions were noticed while using the shuttle cars and loaders and the galleries had to be supported by timber/steel supports. The extra expenditure on the supports was necessary to ensure safety and utilisation of the equipment already purchased. When it became clear, however, that even the extra expenditure was not resulting in economic utilisation of the shuttle cars and loaders, the company decided to withdraw them and also narrow down the size of the galleries, thus reducing use of timber/steel supports. This being the first pyrite mine to be developed in the country, the company was operating for the first time in many areas.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts. III, dated 15-11-1973]

### Comments of the Committee

Please see Chapter I of the Report.

### Recommendation (Serial No. 12)

The Committee regret to note that in spite of the recommendations of the Technical Advisory Committee that the machinery should be procured in phases, the Company procured in 1967-68 and 1968-69 all the key mining machinery of value of Rs. 237 lakhs for production of 800 tonnes of pyrites ore per day, whereas it was decided in December, 1969 to freeze the production at 400 tonnes per day thus rendering equipment of the value of Rs. 166.89 lakhs surplus. Out of these, machinery worth Rs. 71.81 lakhs had been disposed of or transferred to other projects and machinery worth Rs. 95.08 lakhs were still pending disposal. The Committee would like to be informed whether the transferred equipments have been put to full productive use. The Committee take a serious view of the purchase of the key mining machinery in one lot in disregard of the recommendation of the Technical Advisory Committee and

without a careful assessment of the demand and a firm commitment for the pyrites. The Committee recommend that the matter should be further investigated and responsibility fixed on the erring officers and the Committee informed of the action taken. The Committee also desired that the Company should take steps to assess their requirements of plant and machinery keeping in view their production programme in the near future and to dispose of surplus equipment in the best interest of the project.

(Paragraph 6.21)

### **Reply of Government**

The reasons and the necessity for purchasing the equipment in one lot rather than in a phased manner, as recommended by the Technical Advisory Committee, have been explained in reply to recommendation No. 11. The Managing Director, Pyrites, Phosphates and Chemicals Limited has been asked to further investigate, with a view to fixing responsibility, the circumstances in which the key mining machinery was purchased in one lot.

2. Pyrites, Phosphates and Chemicals Limited have since sold equipments worth Rs. 61 lakhs alongwith their spares to M/s. Hindustan Copper Limited and M/s. National Coal Development Corporation. Some surplus equipment has also been transferred to the Saladipura project of the company and is being used there. A list of the remaining surplus equipment has been drawn and the Company is making all possible efforts for sale thereof.

[Ministry of Petroleum and Chemicals O.M. No. 125(28)/72-Ferts. III, dated 15-11-1973.]

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

The Ministry have informed that the Managing Director has been asked to investigate the circumstances in which key mining machinery were purchased and in one lot, with a view to fixing the responsibility.

Please intimate the date on which the Managing Director was asked to investigate the matter and reasons for delay in taking action.

It may also be pointed out that Rs. 71.81 lakhs worth of machinery had been stated to have been disposed of or transferred to other projects and machinery worth Rs. 95.08 lakhs were still pending disposal. In their reply the Ministry have informed that Rs. 61



lakhs worth of equipment along with the spare have been sold to Hindustan Copper Ltd. and M/s. NCDC and some surplus equipment have been transferred to Saladipura.

Please clarify whether these are out of the Rs. 95.08 lakhs worth of equipments which were pending disposal. Also indicate (i) the loss incurred in the sale of these equipments; and (ii) the value of surplus equipment transferred to Saladipura.

[Lok Sabha Sectt. O.M. No. 15-PU/73, dated 13-12-1973.]

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

The Managing Director, Pyrites, Phosphates and Chemicals Limited was asked on 15-11-1973 to investigate the circumstances leading to purchase of the pyrites key mining equipment in one lot with a view and also to fix responsibility for lapses and omissions involved.

As regards the equipment worth Rs. 61 lakhs disposed of it is clarified that this is included in the figure of Rs. 71.81 lakhs. The Pyrites, Phosphates and Chemicals Limited has reported that the net realisation on account of the sales by these equipment has been more than the book value and the total profit on this account is about Rs. 4 lakhs. The value of equipment transferred to Saladipura upto 31-3-1973 was Rs. 10.80 lakhs.

[Ministry of P & C O.M. No. 125|28|72-Fert. III dt. 22-12-1973]

### **Comments of the Committee**

Please see Chapter I of the Report.

### **Recommendation (Serial No. 20)**

The Committee find that although the Sulphuric Acid Plant was transferred *defacto* to the Fertilizer Corporation of India from 1st April, 1968, the *dejure* transfer has not yet been effected in spite of the fact that both the undertakings are under the administrative control of the same Ministry. The consequence of the non-acceptance of the Sulphuric Acid Plant by the Fertilizer Corporation of India *de-jure* is that the operating results of the Sulphuric Acid Plant are neither reflected in the accounts of Fertilizer Corporation of India nor that of the Pyrites, Phosphates and Chemicals Limited. The main reason for this delay seems to be the unwillingness of the Fertilizer Corporation of India to take over the plant because

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\*Not vetted by Audit.

of the high cost of pyrites due to which the working of the sulphuric acid plant would be uneconomical resulting in loss to Fertilizer Corporation of India. The Committee were informed that the Government hope to take a decision in the matter after the receipt of the revised project report from the Pyrites, Phosphates and Chemicals Limited for the production of 900 tonnes of pyrites per day. The Committee desire that the Government should take a serious note of the present situation that because the cost of producing pyrites ore is very high, the Fertiliser Corporation of India is not prepared to pay that price. The Committee strongly urge that Govt. should find a way out immediately to resolve this problem to the mutual benefit of Pyrites, Phosphates and Chemicals Limited and Fertilizer Corporation of India keeping in view the cost of the end product. The Committee recommend that the *de-jure* transfer should also be effected soon to avoid legal and procedural difficulties in the present situation where the plant belong *de-facto* to Fertilizer Corporation of India and *de-jure* to Pyrites, Phosphates and Chemicals Limited. (Paragraph No. 8.5).

#### **Reply of Government**

In regard to the price to be paid by Fertilizer Corporation of Indian for the pyrites ore supplied by Pyrites, Phosphates and Chemicals Ltd., attention is invited to the reply of Government to Recommendation No. 31. As regards *de-jure* transfer of the Sulphuric Acid Plant, the necessary orders have issued effecting the *de-jure* transfer of the Plant to the Fertilizer Corporation of India with effect from 1st April, 1973.

[Ministry of Petroleum & Chemicals O.M. No. 125 (28)/72 Ferts. III dt. 4-10-1973].

#### **Comments of the Committee**

Please see Chapter I of the Report.

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

The Committee regret to note that upto 31st March, 1970, 6,791 tonnes of pyrites were found short on physical verification and 8,517 tonnes were considered unfit for use due to long storages, resulting in a loss of Rs. 34,28,992 which is unfortunately neither reflected in the account of the Pyrites, Phosphates and Chemicals Limited nor of the Fertilizer Corporation of India Limited. During 1971-72 also a shortage of 1964 tonnes was noticed at the time of physical verification of stock. The Committee also regret to find that during the transit of ore from Amjhore to Sindri some of the

3703 LS-4.

wagons were even found missing. The Committee would like to be informed whether compensation has been obtained from the Railways for the loss of pyrites transported in wagons which were reported to be missing. The Committee also regret to note that there were large shortages in transit in the quantity of ore in transit. However, it was not possible to lodge any claims with the Railways for shortages as there were no facilities for weighing the railway wagons either at Dehri-on-Sone or at Sindri and the receipts of the material were being recorded on the basis of R.D.R. weights. The Committee have been informed that some steps have since been taken to avoid shortages both during transit and at the Plant site. The Committee hope that with the measures now introduced, the Company would ensure that loss due to shortages, deterioration of ore and other causes will be eliminated. (Para 8.28).

#### **Reply of Government\***

The Committee of the Board of Directors of the Fertilizer Corporation of India are considering, among others, the question as to how the pyrites found short or unfit should be settled. On receipt of the recommendation of the Committee further necessary action will be taken. In regard to the pyrites lost during transit, the Fertilizer Corporation of India have lodged claims with the Railways and these are being pursued.

The shortages in pyrites as between Dehri-on-Sone and Sindri, was due to the different methods in vogue for weighing the material. For loading the wagons at Dehri-on-Sone the R.R. weight is computed on the basis of the volumetric measurement whereas at Sindri the weights are taken as recorded on the Weight Bridge. However, adequate corrective steps have been taken to see that there is no difference between volumetric measurement and actual weight. In 1972-73, there was no shortage found stock verification.

Regarding loss due to deterioration, it is submitted that there was some loss due to physical characteristics of the pyrites. So far as transport and storage during rainy season is concerned, action is being taken at both ends, i.e. Dehri-on-Sone & Sindri, to see that losses due to weathering are minimised, although due to pyrophoric nature of pyrites oxidation|deterioration is bound to take place even in covered storage within a short period.

[Ministry of Petroleum & Chemicals O.M. No.125(28)|72-Ferts. III  
dt. 15-11-73]..

### Further Information called for by the Committee

In regard to pyrites lost during transit, it has been stated that the Fertilizer Corporation of India have lodged the claims with the Railways and these were being pursued.

Please intimate (a) details of claims viz., amount and period to which these pertain and when these were lodged by the FCI with the Railways (b) whether these were lodged in time and (c) the latest position in regard to their settlement.

[Lok Sabha Sectt. O.M. No. 15-PU/73 dated 13-12-1973]

### Further Reply of Government\*

The details of the claims lodged against the Railways by the Fertilizer Corporation of India pertain to four wagons of pyrites which were not received at destination and the details of the said claims are given below:—

Wagon No.	RR No.	Date	Claim Amount	Date of claim
			Rs.	
1. WR 22048	597806	04-11-68	4110.30	24-03-69
2. SR 15839	985425	14-10-69	6337.86	10-01-70
3. EG 20138	85923	03-07-69	6151.73	24-02-70
4. EC 93812	597334	31-07-68	4361.50	17-12-68

The claims were lodged in time. The claims mention in S. Nos. 1, 2 & 3 are being pursued with the Railways. As regards the claims at S. No. 4, the wagon has been transhipped and the material has since been received at site.

[Ministry of P&T O.M. No. 125/28/72-Fert. III dated 22-12-1973].

### Comments of the Committee

Pleased see Chapter I of the Report.

### Recommendation (Serial No. 29)

The Committee find that the inventory of raw materials and stores in terms of months consumption rose from 11 months in 1967-68 to 14 months in 1968-69 and 1969-70 and to 28 months in 1970-71. It has only slightly come down to 26 months in 1971-72. The Committee also note that the Company was carrying a large stock of

\*Not vetted by Audit.

slow moving and non-moving stores worth Rs. 12.83 lakhs even after disposal of stores amounting to Rs. 21.58 lakhs in 1971-72. The Committee were informed that surplus amounted to Rs. 13.95 lakhs as on 31-3-1972 consisting of spares for shuttle cars and loaders (Rs. 8.95 lakhs) and Steel and G.I. pipes (Rs. 5 lakhs). The Committee have already commented upon in para 6.21 of this Report the purchase of key mining equipment including shuttle cars and loaders in excess of requirements. The Committee feel that the spares for shuttle cars and loaders should have also been disposed of alongwith the machinery. The Committee desired that the Government should investigate the circumstances under which the purchases of stores especially spares and steel items had been made in excess of the requirements. The Committee also recommend that the scarce items like R.S. joints and G.I. Pipes should be disposed of to other Public Undertakings where these may be in need. (Paragraph 10.11).

#### **Reply of Government**

Necessary action is under way to reduce the inventory holdings. An appropriate quantum of spares, shuttle cars and loaders have been disposed of alongwith the machineries. The Company has also disposed of some of the R.S. joints and G.I. Pipes. All possible efforts are being made to dispose of the idle machinery lying with the Company alongwith their spare.

Managing Director, Pyrites, Phosphates and Chemicals Limited has been asked to investigate the circumstances in which purchases of stores specially spares and steel items had been made in excess of the requirements with a view to fixing responsibility.

[Ministry of Petroleum & Chemicals O.M. No. 128(28)|72-Ferts. III dt. 15-11-73].

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

Government have stated that the Managing Director has been asked to investigate the circumstances in which purchase of stores specially spares and steel items had been made in excess of the requirements. Please intimate the progress made in this regard.

[Lok Sabha Sectt. O.M. No.15-PU|73 dated 13-12-1973].

#### **Further reply of Government\***

The Managing Directors, was asked to investigate the matter

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\*Not vetted by Audit.

on 15-11-1973. The Report of the investigations is expected to be submitted by February, 1974.

[Ministry of Petroleum & Chemicals O.M. No. 125|28|72-Fert. III dt. 22-12-1973].

### **Comments of the Committee**

Please see Chapter I of the Report.

### **Recommendation (Serial No. 31)**

In spite of the recommendation of the Sales Price Committee and the Award given by the Financial Adviser of the Ministry of Petroleum and Chemicals about the sale price of ore, the two Public Undertakings under the administrative control of the same Ministry, have not accepted the price fixed by the Award. The Committee understand that this matter has again been referred to the Financial Adviser. The Committee are anxious that this matter should be settled quickly in the mutual interest of both, as it vitally affects the working results of both the Undertakings.

(Paragraph 11.28)

### **Reply of Government**

Shri S. K. Majumdar has since submitted his revised report on pricing of pyrites supplied by Pyrites, Phosphates and Chemicals Limited to Fertilizer Corporation of India. The comments of Pyrites, Phosphates and Chemicals Limited on the supplementary report have been received but those of the Fertilizer Corporation of India are awaited. A final decision in the matter would be taken as soon as the views of Fertilizer Corporation of India become available.

[Ministry of Petroleum & Chemicals O.M. No. 125(28)|72-Ferts. III dt. 15-11-73].

### **Comments of the Committee**

Please see Chapter I of the Report.

### **Recommendation (Serial No. 34)**

The Committee find that as per the Details Project Report, the total number of staff required for the production of 800 tonnes per day was 240. As against this the actual number of persons employed as on 31-3-1972 was 404. It has been stated that the DPR did

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\*Not vetted by Audit.

not contain provision for certain categories of staff like transport, head-office etc. The Committee find that even taking into consideration the categories of staff not included in the DPR, the total staff strength would work out to 519. As against this, the organisational chart prepared by the Management envisaged requirement of staff strength as 613 for the production of 800 tonnes per day and for Phase-I the recommended staff strength was 508. The actual staff strength as on 31-3-1972 works out to 73 per cent. of the total staff provided even in the organisational chart.

In the case of daily rated workers also the number of persons employed was 72 per cent of the total workers assessed by the Sale Price Committee for Phase-I. On the other hand, the production was only 29 per cent of the production envisaged in Phase-I. It has been stated that it is essential to have certain percentage of staff irrespective of rate of production. The Committee however, feel that even taking into consideration this aspect, the staff was much in excess of requirements keeping in view the low production at present. It was admitted by the representative of the Ministry during evidence that there were 92 workmen 'who are deemed to be permanently surplus of requirements'. The Committee would urge that the reasons for such over-staffing should be investigated and it should be ensured that over-staffing is avoided in the interest of efficiency and bringing down the cost of production. The Committee hope that the staff strength would be readjusted keeping in view the recommendations of the proposed study by the Administrative Staff College, Hyderabad. The Committee also suggest that there should be a cell in the company to carry out the work study at periodical intervals and the staff should be deployed in various jobs taking into account the reports of such works study.

The representative of the Ministry assured the Committee during evidence that efforts were being made to re-locate the surplus staff in other public sector projects. The Committee strongly urge that the Government and the Undertaking should give earnest attention to this problem and make suitable arrangements for the absorption of surplus personnel.

(Paragraphs 12.22, 12.23, 12.24).

### **Reply of Government**

The over staffing at Amjhore is mainly attributable to low off-take of pyrite ore. With the increase in production levels, some surplus staff will be absorbed in the mine itself. Meanwhile, efforts are continuing with the Ministry of Steel & Mines to get the surplus staff absorbed in the public undertakings under their control such

as the National Coal Development Corporation, Hindustan Steel Construction Limited, Bharat Coking Coal Limited. etc. A measure of success has already been achieved in this direction with the Hindustan Copper Limited having absorbed 9 loaders and shuttle car operators.

Pyrites, Phosphates and Chemicals Limited are currently holding discussion with consultants such as the Administrative Staff College, Hyderabad and M/s Ibccon Limited Calcutta for carrying out the following studies:—

- (i) Organisation & Managerial manpower planning for corporate and unit level at Amjhore.
- (ii) Mines manpower planning like work measurement studies wage differential plans, incentive plans, job standard documents, job evaluation procedure, utilisation of manpower, channel promotion chart, create understanding with trade unions etc.
- (iii) Manpower planning including personnel records management.

The management of Pyrites, Phosphates and Chemicals Limited is also considering creation of an Industrial Engineering Cell in the Company to carry out, as suggested by the Committee, work study periodically so as to employ the staff more usefully.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Fert. III, dated 8-11-1973].

### **Comments of the Committee**

Please see Chapter I of the Report.

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

The Committee note that actual production per man since the commencement of production in the PPCL has been much below than what was envisaged in the Detailed Project Report and also lower than what was even envisaged in the revised Phase-I programme. The reasons for this are stated to be excessive staff including daily rated workers and the decision to scale down the production to 1.2 lakh tons in Phase-I. The Committee were informed that no scientific study was made while determining the production per man. The Committee need hardly stress that low productivity results in high cost of production affecting not only the working results of the PPCL but also the economics of the working of the Sulphuric Acid Plant. The Committee, therefore, urge that effective steps should be taken



to improve the efficiency and increase productivity with a view to ensuring an economic price for the ore and for the acid. (Paragraph 12.30).

### **Reply of Government**

The low productivity of workers is mainly attributable to the limited demand of pyrites ore by the Acid Plant at Sindri because of which production had to be restricted. As soon as the requirement of ore increases, all possible steps will be taken to increase the productivity. Meanwhile, the company has taken certain steps to improve the efficiency of the workers. The piece-rated muckers have been persuaded to accept the piece-rate system and their productivity has consequently gone upto about 2.5—3 tonnes. The time rated muckers have also been approached to accept the piece-rated system but the success in this regard has been limited because of restricted demand of pyrite ore. A proposal is under consideration of the Pyrites, Phosphates and Chemicals Limited Board of Directors to appoint a reputed consultant to conduct special studies and suggest introduction of suitable incentive schemes to help further improve productivity.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts. III, dated 15-11-1973]

### **Comments of the Committee**

Please see Chapter I of the Report.

## CHAPTER V

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

#### Recommendation (Serial No. 8)

The Committee regret to find that there had not been clear demarcation of responsibilities of IBM at any stage and no binding contract entered into with them with the result that the Company is finding itself in a quandry. The Committee would like Government to take a serious note of the problem and take steps to have the claims and counter claims settled at an early date.

#### \*Reply of Government

Steps have been initiated for early settlement of the problem.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts. III, dated 15-11-1973]

#### Further Information called for by the Committee

The details of the steps taken by the Ministry to settle the claim between the IBM and PPCL and their outcome may be communicated.

[Lok Sabha Sectt. O.M. No. 15-PU/73 dated 13-12-1973]

#### \*Further Reply of Government

The matter was discussed with the Department of Mines and it has been decided to refer the issue for informal arbitration. The selection of arbitrator would be made in the next few days.

[Ministry of Petroleum & Chemicals O.M. No. 125/28/72-Fert. III dated 22-12-73]

#### Recommendation (Serial No. 15)

The Committee view with concern that the Sulphuric Acid Plant was designed to work on 40 per cent S. Content ore although the ore available from Amjhere mines was not of the required quality. It

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\*Not vetted by Audit.

is strange that when the Management was fully aware about the variation in Sulphur content of the ore, and though in the notice inviting tender for the work, the sulphur content of pyrites was indicated as 32 to 49 percent, the implications of such variation were not specifically brought to the notice of the Board. No specific mention of such variation was also made in the contract for setting up the Sulphuric Acid Plant. The result was that the Acid Plant could not be operated and certain technical modifications had to be made. If at all, the plant was to work, the production could be with elemental sulphur along with pyrite or it was to work only at 90 per cent of the rated capacity. The Committee were informed that the cost of rectification/modification would be Rs. 20 lakhs. The Committee take a serious view that the omission of vital information about the grade of the ore in the contract has resulted in not only an additional expenditure of Rs. 20 lakhs but also low production in the mines with consequential adverse affect on the cost. The Committee desire that the reasons for this vital omission of not specifying the grade of ore in the contract should be gone into and responsibility therefor fixed.

#### **\*Reply of Government**

Government agree with the suggestion of the Committee that the matter should be gone into and responsibility fixed. Necessary action is being taken in this regard.

[Ministry of Petroleum & Chemicals O.M. No. 125(28)/72-Ferts. III  
dated 15-11-73]

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

Although the Government have agreed to the suggestion of the Committee that the matter should be gone into and responsibility fixed the definite action taken in the matter has not been intimated. The steps initiated by the Government so far in this direction may be indicated.

[Lok Sabha Sectt. O.M. No. 15-PU/73, dated 13-12-1973]

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

The case will be investigated by the Additional Secretary in the Ministry.

[Ministry of Petroleum & Chemicals O.M. No. 125|28|72-Fert. III  
dated 22-12-1973.]

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\*According to Audit Government's reply not susceptible of notification in Audit.

**Recommendation (Serial No. 18)**

The Committee are surprised to find that though there was dispute in establishing sulphur efficiency guarantee in February, 1970 due to difficulties in obtaining pyrites of 40 per cent S. grade, the FCI in December, 1970 with a trial appraisal conducted with 31 per cent S. grade ore considered that the contractor had been "deemed" to have met the guarantee performance.

The Committee also find that there were several defects noticed in operating the plant during the guarantee performance tests and the contractor has agreed to carry out the modifications/rectification of the plant at his own cost, in terms of a protocol of an arrangement agreed in March, 1971 between the FCI and the contractor.

The Committee are surprised to find that the full contractual liability under the terms of main contract had been finally discharged by means of protocol of 30th March, 1971, even without the Company ensuring that the defects in the Plant have been rectified to the satisfaction of the Management and the plant is really capable of reaching its rated capacity. The Committee are also doubtful whether the amounts of compensation provided for under the protocol arrangements are adequate and in the best interest of FCI. The Committee would strongly urge that this matter should be thoroughly investigated and the responsibility for the lapses in the arrangement should be fixed. The Committee also urge that it should be ensured that all the defects in the Plant are set right and the Plant reaches its rated capacity on schedule.

(Paragraphs 7.58, 7.59 & 7.60).

**\*Reply of Government**

The re-appraisal test for sulphur efficiency was carried out in December, 1970 with 31.4 per cent sulphur ore as against 40 per cent sulphur ore stipulated in the agreement. This was because 40 per cent grade ore could be supplied only by hand-picking entailing very heavy cost (about Rs. 200/- more per tonne than that of low grade pyrites); there was also the problem of supply of a large quantity of 40 per cent S. ore within a short-time. After careful consideration, the Corporation felt that such heavy expenditure should not be incurred, particularly when the plant was to depend for all time to come on ore of lesser sulphur content. Moreover, the penalties recoverable from M/s Simon Carves under the contract were not very significant compared to the extra expenditure required on upgrading the ore through hand picking.

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\*Not vetted by Audit.

2. The defects observed in the plant during the first and second runs, that were not rectified earlier, were enumerated in the Protocol of Arrangement. The Contractor has completed most of the jobs and, in other cases, he has paid the money as indicated in the above arrangement. Presently, if the plant is not working at full rated capacity, it is not because of the defects in the protocol of arrangement but because of fluctuating quality of pyrites, limitations in crusher capacity which is under installation and failure of boiler tubes, all of which are beyond the scope of the contractor.

3. The contractor could not be bound down to an indefinite guarantee, especially when it was known that 40 per cent pyrites required for proving the guarantee would not be available. In the circumstances, the management of FCI decided to absolve the contractor of his responsibility by signing the protocol of arrangement. This was at a stage when Fertilizer Corporation of India wanted to try mixing sulphur with pyrites but this was not acceptable to the contractor who was in charge of the Plant. Government agree, however, that the matter is one which needs to be investigated more fully by a senior officer as recommended by the Committee.

4. The total penalty leviable on the contractor due to delay in commissioning was 5 per cent, and another 5 per cent due to non-fulfilment of the performance guarantee, with a total limit of 7 per cent of the contract value, on both the counts. The Corporation is satisfied that the contractor had demonstrated all the guarantees laid down in the contract excepting power generation which was also fulfilled later on. The total penalty recoverable from the contractor due to non-fulfilment of guarantees (if it was applicable at all), would have amounted to Rs. 11.13 lakhs only, whereas as per the terms of protocol of arrangement, the amount payable by the contractor is Rs. 13.09 lakhs. The interests of Fertilizer Corporation of India have thus been fully protected.

[Ministry of Petroleum and Chemicals, O.M. No. 125(28)/72-Ferts. III, dated 15-11-1973]

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

The steps initiated by Government to investigate the matter more fully by a senior officer as recommended by the Committee may be indicated. Information with regard to the fulfilment of the performance guarantee of the Sulphuric Acid Plant may also be furnished.

[Lok Sabha Sectt. O.M. No. 15-PU/73 dated 19-12-1973.]

**\*Further Reply of Government**

The case will be investigated by the Additional Secretary in the Ministry.

[Ministry of Petroleum & Chemicals O.M. No. 125/28/72-Fert. III dated 22-12-1973.]

**Recommendation (Serial No. 21)**

The Committee are distressed over the loss of Rs. 5.73 lakhs suffered due to deterioration of the stock of 5150 tonnes of B grade pyrites ore at the Dheri-on-Sone railway siding. The stock had accumulated at the railway siding because of the refusal of the FCI to accept the B grade ore, in spite of their acceptance in the meeting held in the Ministry in August, 1969. When the PPC were knowing that the acid plant was capable of operating on 40 per cent S. grade only, the PPC should have taken immediate action for the beneficiation of ore and despatched them rather than allowed them to remain. It is regrettable that instead of taking prompt action either to persuade the FCI to accept B grade ore or to beneficiate it to improve its quality, as was done subsequently, the ore was allowed to accumulate at the railway siding resulting in its deterioration due to rain and other causes. The Committee desire that the reasons for this lapse should be investigated and responsibility fixed. The Committee also urge that there should be a proper coordination between the two public undertakings in respect of production, off-take and transport of the pyrites and a firm agreement for the supplies finalised between the said undertakings, so that neither party fails to fulfil its obligations.

(Paragraph. 8.13).

**\*Reply of Government**

Government agree with the suggestion in regard to investigation of circumstances under which the accumulation of ore took place at the railway siding and steps are being taken to entrust this investigation to a senior officer. A close co-ordination is being maintained between the two undertakings and an agreed year-wise schedule of supplies upto 1977-78 has also been drawn up.

[Ministry of Petroleum and Chemicals, O.M. No. 125/28/72-Ferts. III, dated 15-11-1973]

### Further Information called for by the Committee

The Ministry have agreed with the suggestion of the Committee that the reasons for the lapses should be investigated and the responsibility fixed. The action initiated by Government in this regard may be intimated.

[L.S. Sectt. O.M. No. 15-PU/73 dated 13-12-1973]

### \*Further Reply of Government

The case will be investigated by the Additional Secretary in the Ministry

[Ministry of Petroleum & Chemicals O.M. No. 125/28/72-Fert. III dated 22-12-1973.]

### Recommendation (Serial No. 24)

The Committee note that in March, 1968, the Fertilizer Corporation of India Limited, Sindri entered into a contract with Bulgarian firm for a Sulphuric Acid Plant at Sindri, based on the pyrites. Since then, there had been frequent changes in the thinking both at the level of the Government and at that of the concerned Undertakings in regard to the setting up of this Plant. The Committee are surprised that even though the percentage of sulphur content in the pyrites ore from Amjhore had been known at the time of entering into contract, "the contract for the plant was for a design to consume pyrites ore of 43 per cent S. grade" which was definitely beyond the capacity of the Amjhore mines. The Committee were informed that the decision to go in for the Bulgarian Sulphuric Acid Plant at 43 per cent S. grade ore was based on the information furnished by PPCL in May, 1967 that the PPCL would be able to supply 42.8 per cent S. grade ore. It was only in March, 1968 that PPCL told FCI that the pyrites ore from the mine would be only 36 per cent S. grade. The Committee note that the Bulgarian plant suppliers were consulted on the possibility of using leaner pyrites, but they indicated that their operating experience was limited to use of pyrites with not less than 39 per cent sulphur and as such they were not in a position to give any authentic data on performance guarantees on use of leaner ore in the roaster of their design. The Committee are surprised that in spite of this, it was decided to go ahead with the plant using the roasters with a mixed feed of sulphur and pyrites.

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\*Not vetted by Audit.

The Committee deprecate the manner in which a decision was taken, based on incorrect information supplied by PPCL without a thorough and careful examination of the economics of the project from all aspects including the high cost, the low quality of the Amjhore pyrites. The Committee strongly urge that this matter should be thoroughly investigated and responsibility for the lapse fixed. The Committee are doubtful whether the problem of disposal of cinders was adequately considered while taking the decision. The Committee would also urge that it should be ensured that pitfalls noticed in the Simon Carves Sulphuric Acid Plant at Sindri are not encountered again and the plant is able to give the guaranteed output. (Paragraphs 8.44 and 8.45).

### **Reply of Government**

Government accept the recommendation made by the Committee that the matter should be thoroughly investigated. A senior officer will be appointed for this purpose.

Position regarding disposal of cinder has been explained in reply to recommendations Nos. 13 & 14. The suggestion of the Committee that necessary precautions should be taken in regard to the Bulgarian Sulphuric Acid Plant in the light of the experience gathered in the Simon Carves plant has been brought to the notice of the Corporation. \*Fertilizer Corporation of India have already taken certain steps in that direction for example, a three stage crushing system for pyrites, has been adopted in the Bulgarian acid plant with rod mill in the third stage to eliminate difficulties/shortfall experienced in the two stage crushing system in the Simon Carves plant where considerable wear and tear of the crushing and grinding equipment were experienced.

[Ministry of Petroleum and Chemicals O.M. No. 125/28/72-Fert. III  
dated 15-11-73.]

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

Government have agreed that the matter should be thoroughly investigated and have stated that a senior officer would be appointed for the purpose. Please intimate the action taken in the matter and latest position in this regard.

[Lok Sabha Sectt. O.M. No. 15-PU/73 dated 13-12-1973.]

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\*According to Audit Reply not susceptible of verification in Audit.



**Further Reply of Government**

The case will be investigated by the Additional Secretary in the Ministry.

{Ministry of Petroleum and Chemicals, O.M. No 125/28/72-Fert III  
dated 22-12-1973.}

NEW DELHI,  
March 4, 1974

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Phalguna 13, 1895 (Saka)

SUBHADRA JOSHI,  
Chairman

*Committee on Public Undertakings.*

## APPENDIX

(Vide Para 5 of Introduction)

Analysis of the action taken by Government on the recommendations contained in the Thirty-ninth Report of the Committee on Public Undertakings (Fifth Lok Sabha).

I.	Total number of recommendations . . . . .	43
II.	Recommendations that has been accepted by Government (vide recommendations at Sl. Nos. 1, 4, 6, 17, 25, 27, 28, 30, 40, 41, 42 and 43 . . . . .	
	Number . . . . .	12
	Percentage of total . . . . .	27.95
.III.	Recommendations which the Committee do not desire to pursue in view of Government's replies (vide recommen- dations at Sl. Nos. 5, 7, 10, 13, 14, 16, 19, 22, 26, 32, 33, 36, 37, 38, and 39 . . . . .	
	Number . . . . .	16
	Percentage of total . . . . .	37.20
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (vide recommen- dations at Sl. Nos. 2, 3, 11, 12, 20, 23, 29, 31, 34, and 35 Number . . . . .	10
	Percentage of total . . . . .	23.25
V.	Recommendations in respect of which final replies of Government are still awaited (vide recommendations at Sl. Nos. 8, 15, 18, 21 and 24 . . . . .	
	Number . . . . .	5
	Percentage of total . . . . .	11.60