

**ESTIMATES COMMITTEE
1960-61**

HUNDRED AND NINTH REPORT

(SECOND LOK SABHA)

MINISTRY OF DEFENCE

Action taken by Government on the recommendations contained in the Eighth Report of Estimates Committee (^{Second} First Lok Sabha) on the Ministry of Defence—Naval Dockyard, Bombay.



**LOK SABHA SECRETARIAT
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CORRIGENDA

HUNDRED AND NINTH REPORT OF THE ESTIMATES COMMITTEE (SECOND LOK SABHA) - -

[Action taken by Government on the recommendations contained in the Eighth Report of the Estimates Committee (First Lok Sabha) on the Ministry of Defence (Naval Dockyard, Bombay)]

Secy

Page 1 para 2, line 15 *Read* 'if a proper system of cost'
For 'if a proper system and cost'.

Page 15, S.No. 43, Col.3, line 6, *Read* 'apprentices'
For 'Apprentices'.

Page 21, Reply to S.No. 10, Col.4, line 18, *Read* 'present'
For 'presene'.

Page 33, Reply to S.No. 37, Col.4, para 3, line 3, *Read*
'will' *For* 'wil'.

Page 44, Reply to S.No. 16, Col.4, para 3, line 7, *Read*
'Section' *For* 'section'.

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1960-61

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*Elected with effect from 25-11-60 *vice* Shri Dinesh Singh resigned.

INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee, present this Hundred and ninth Report of the Estimates Committee of the Second Lok Sabha on the Action taken by Government on the recommendations contained in the Eighth Report of the Estimates Committee (First Lok Sabha) on the Ministry of Defence—Naval Dockyard, Bombay. *second*

2. The Eighth Report of the Estimates Committee (First Lok Sabha) was presented to the Lok Sabha on the 26th April, 1958. The Government furnished their replies to the recommendations in the Report between 4-4-1959 and 15-2-1961. The Study Group 'G' of the Estimates Committee examined these replies on the 3rd September, 1960 and the 28th January, 1961. *second*

3. The Report has been divided into five Chapters :

- I. Report.
- II. Recommendations that have been accepted by the Government.
- III. Replies of Government that have been accepted by the Committee.
- IV. Replies of Government that have not been accepted by the Committee.
- V. Recommendations in respect of which replies of the Government have not been received.

4. An analysis of the action taken by Government on the recommendations contained in the Eighth Report of the Estimates Committee is given in Appendix II. It would be observed therefrom that out of the 46 recommendations made in the Report, 45.7% of the recommendations have been accepted fully by Government. Of the rest, replies of Government in respect of 34.8% of the recommendations have been accepted by the Committee while those in respect of 6.5% of the recommendations have not been accepted by the Committee. Replies in respect of 13.0% of the recommendations have not been received from the Government.

NEW DELHI ;
The 20th March 1961.
The 29th Phalguna 1882 (S).

H. C. DASAPPA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

In paragraph 15 of their Eighth Report (Second Lok Sabha), the Estimates Committee expressed their disappointment that no comparative study had been undertaken by the Naval Headquarters of the organisation and working methods of the Naval Dockyards in other countries. They considered this necessary to improve the efficiency and economy in the Naval Dockyard, Bombay. They, therefore, recommended that a detailed and systematic study of the organisation, administrative set up, methods of working etc. of the Dockyards not only in U.K. and other Western countries but also in Japan and U.S.S.R. should be undertaken with a view to utilising the knowledge for improving the structure, management and methods of functioning of the Dockyard in this country. Government in their reply have accepted in principle the desirability of studying the organisation, administrative set-up and methods of working of Naval Dockyards in other countries. But Government have also stated that the knowledge thus gained might not be profitably utilised in this case, as the methods of working and set-up of the Naval Dockyard, Bombay, are entirely based on Royal Navy practices. The Committee feel that the Bombay Dockyard may not be wedded to the Royal Navy practices alone and recommend that full advantages of the improvements effected not only in U.K. but in other countries also should be taken by the Bombay Dockyard.

2. In para 20 of the Eighth Report, the Committee observed that the existing budgetary and accounting system in the Naval Dockyard, where separate figures of expenditure on the pay and allowances of service personnel employed in the Dockyard as well as on stores and equipment consumed therein were not available, was not suitable for an industrial undertaking. They noticed that the Chief Cost Accounts Officer, Ministry of Finance, Government of India, had also recommended in 1951 that the budget of the Dockyard should be prepared separately from the Budget estimates of the Navy which was not being acted upon. They, therefore, recommended that the question should be reviewed again, as early as possible, with a view to ensure its implementation. In para 4 of their reply (reproduced in Chapter IV), the Ministry of Defence have stated that the spirit of the recommendation made by the Committee could be implemented without separating the Budget of the Naval Dockyard from that of the Indian Navy, if a proper system and Cost and Production Control is followed by the Naval Dockyard. The Committee have no objection if an effective system to ensure a proper 'cost and production control' can be devised on these lines.

3. In para 46 of the Report, the Committee observed that there was general delay in supply of stores because of their categorisation. In this connection the Committee recommended that immediate steps should be taken to ensure that no indents for stores were classified as 'operational' and 'urgent' without justification. They also suggested that a periodical review of the classification in a few cases should be made to judge the correctness of the

classification. The Ministry in their reply have stated that a review of the indents placed by the Naval Headquarters between 1-4-58 and 31-3-59 has been made and the scrutiny of the 24 indents found to be classified as Urgent/Operational had also been made. The Ministry have not viewed the periodical review necessary because of the number of such indent is small. They state, however, that they have issued instructions to the Naval Headquarters to furnish statements regarding the number and value of Urgent/Operational indents raised every year, and that if on scrutiny of these statistics, it is found that there is any abnormal tendency regarding the increase of such indents placed, then a detailed review of the indents will be undertaken. The Committee note that the Ministry seem to have accepted the Committee's recommendation in principle but they feel that while the number of such indents may be few, their value might be appreciable. They, therefore, desire that the detailed review of these indents as originally recommended by the Committee should also be guided by the value of the indents involved in such cases and not merely the number thereof.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Serial No. (as in the Appendix III to the Eighth Report)	Reference to Para- graph No. of the Report	Summary of Recommendations/ Conclusions	Reply of the Government
1	2	3	4
3	6	<p>The Committee suggest that the feasibility of constituting the Naval Laboratory into an independent unit, separate from the Dockyard, so as to enable it to concentrate mainly on research which could be useful not only to the Naval Dockyard and Naval Ships but to the Shipyard and merchant ships in the public and private sectors may be examined.</p>	<p>A proposal for constituting the Naval Laboratory into an independent unit separate from the Dockyard is under the consideration of the Government and this proposal is in accordance with the suggestions of the Estimates Committee. It is felt that a unit of the Laboratory attached to the Naval Dockyard, Bombay, would still be necessary for routine testing and allied problems in connection with the refit of ships.</p>

[Ministry of Defence U.O. No. F. 2(7)/58/2331/
SOII/D(N-1), dated 17-9-59]

7 The Committee consider that the existing tenure of officers of the top management is too short to enable them to introduce schemes for improvement and watch their results. They recommend that in order to strengthen the Management team, the Capt. Supdt. and the Heads of Departments should normally hold these appointments for periods not less than five years in the Dockyard. In the Committee's view such a step will ensure continuity in the service and improve general efficiency of the Dockyard.

Government accept the recommendation of the Estimates Committee. It is, however, not possible to implement this immediately in view of the shortage of senior Naval Officers. Efforts are continuously being made to appoint officers to the Management team for the maximum periods practically possible. Experience has, however, shown that when reviewing postings of senior officers, a complete chain of appointments has to be made from which it becomes very difficult to exclude entirely members of the Dockyard Management team. This has to be done in order to provide varied experience to Senior Officers.

[*Ministry of Defence U O. No. F. 2(7)/58/3130/ SOII/D (N-1), dated 11-11-59*].

8 The Committee suggest that while selecting officers for appointment to the top management one of the criteria should be their special aptitude in administration and organisation as shown by their past record as well as Dockyard experience.

Noted for guidance.

[*Ministry of Defence U.O. No. F. 2(7)/58/776/ SOII/D(N-1), dated 25-4-59*].

9 The Committee recommend that early steps should be taken to finalise the scheme regarding Dockyard Attachment Course in the Royal Navy for the Naval officers and for employing them use-

The following recommendations have been made by the Estimates Committee :—

fully in the Naval Dockyard, Bombay, after they have completed the course in the Royal Navy. They would also recommend that it should be explored whether similar training could be arranged in other countries. The Committee would also suggest that the feasibility of introducing such training in India as early as possible with the help of foreign experts should also be examined.

- (a) Finalisation of the scheme regarding Dockyard Attachment Course in the Royal Navy for Indian Naval Officers and for employing them usefully in the Naval Dockyard, Bombay, after they have completed this course.
- (b) Possibility of arranging similar training in other countries to be explored.
- (c) Feasibility of introducing such training in India with the help of foreign experts to be examined.

2. Recommendation (a) :

The attachment of our officers with R.N. Yards has now been revived and selected officers who are earmarked for employment in the Dockyard will be given these attachments as and when necessary. The present Industrial Manager did an attachment with various Royal Naval Yards in 1948 when he was employed in the Naval Dockyard in a junior capacity. Two officers have already been deputed to the U.K. during 1959 to undergo *inter alia* an attachment course with the R.N. Dockyard. The desirability of deputing another officer to undergo such a course will be examined when a necessity arises.

3. *Recommendation (b)* :

Similar training has been offered by West Germany and the United States through the Ministry of Commerce and Industry and the Ministry of Education, but these scholarships were not made applicable to Defence Personnel. A civilian gazetted officer (Technical Assistant of the Production Control Department, Naval Dockyard) availed of the scholarship offered by the Humburg Chamber of Commerce and completed his training in August, 1959 in West Germany in Cost Accounting, production methods, etc., of New Construction Ships.

The United States Navy arranges a special training programme in Naval Shipyard Management for senior friendly/allied Naval Officers. This course deals with subject of industrial productivity *i.e.*, general management, work study, production, planning and control etc. The Government will make use of this scheme if considered necessary.

4. *Recommendation (c)* :

It would be an expensive step to import foreign experts to train a small number of Naval Officers

employed in the Naval Dockyard. However, such training already exists in India and the Government has already taken advantage of the following schemes:—

(i) *Training within Industry Institute* :

Under the Ministry of Commerce & Industry which provides courses in improving relations between the management and labour in order to achieve better output. An officer was detailed for training in 1958 under this scheme and another officer is being deputed in October, 1959.

(ii) The University of Roorkee holds Refresher Courses for serving engineers in Production Engineering and Workshop Technology. An Officer completed training in Foundry Engineering in May 1959 under this scheme. Another officer will be deputed in December 1959 to undergo training in Workshop Management and Industrial Management.

Full advantage of the above schemes and any other introduced in the near future in the country will be taken.

[*Ministry of Defence U.O. No. F. 2 (7)/58/3102/SOII/D (N-1), dated 7-II-59*].

11

14

The Committee suggest that the feasibility of starting a basic course of training for Naval

Recruitment to the Corps of Naval Constructors is open to candidates who possess a Degree in

Constructors in India should be examined and for that purpose advantage might be taken of the Naval Architecture Course provided by the Indian Institute of Technology at Kharagpur.

Specialised training may, however, continue to be given abroad till such time as facilities for such training are available in India.

Naval Architecture or Mechanical Engineering from a recognised University, with special aptitude in Higher Mathematics. During selection, due consideration is given to candidates who have undertaken the Naval Architecture course provided by the Indian Institute of Technology at Kharagpur. After selection, candidates are entered for permanent commission with an initial probationary period of 4 years. On completion of the probationary period, officers who are considered suitable are confirmed. During the probationary period, candidates are given a preliminary training of about eight weeks duration in India. On its successful completion they are sent to the U. K. for training in a Post Graduate Course in the designing and building of warships for a period of 3 to 4 years. Facilities for this post-graduate course are at present not available in India. The main present difficulties in the way of starting the post-graduate course in India are :—

(i) no suitable officers from the Corps of Naval Constructors with adequate experience and knowledge can be spared at present without affecting the ship-building programme and the maintenance of the fleet;

(ii) special equipment required for conducting the course is at present not available and would, therefore, have to be procured from abroad involving a considerable foreign exchange expenditure ; and

(iii) the maximum number of officers to be trained in this advanced course in order to meet the requirements of the Indian Navy is two per year, and it would, therefore, not be economical to organise this course for such a small number.

Plans for starting this course in India are, however, under constant review and, as is visualised at present, no course can be organised and started earlier than 1964.

[*Ministry of Defence U.O. No. F. 2(7)/58/1396/SOII/D(N-1), dated 21-5-59*].

14 The Naval Dockyard does not prepare an annual administrative and financial report showing its achievements, future requirements and programmes etc. The Committee would suggest that this should be done and that it should be included in the administrative Report of the Defence Ministry.

15 18-19 The Committee find that while in 1956-57, the expenditure under every Sub-Head fell short of the estimates, during the previous years also the actual expenditure was consistently less under 'Stores' and 'Dockyard Expansion Scheme'. Since the same reasons are repeated every year

Recommendation made by the Estimates Committee is accepted and will be implemented.

[*Ministry of Defence U.O. No. F. 2(7)/58/1967/SOII/D(N-1), dated 29-7-59*].

Noted.

[*Ministry of Defence U.O. No. F. 2(7)/58/1521/SOII/D(N-1), dated 12-6-59*].

1 2

3

for the shortfall in expenditure the Committee considered that they can be foreseen and avoided. In the opinion of the Committee this indicates failure on the part of the authorities to exercise proper care in estimating and also inadequate planning in the expenditure of money already voted by the Parliament.

The Committee feel concerned at such shortfalls of expenditure compared to estimates. This is a matter which they proposed to examine in greater detail in their examination of Budgetary Reforms. In this particular case they were informed that effective steps had been adopted to eliminate delays and that from 1957-58 onwards such lapses of surrenders of funds would not happen. The Committee hope that this matter would be kept continuously under review and that the position would improve from the current year.

Noted.

The Committee learn that during the years 1954-55, 1955-56 and 1956-57, Indian Companies were associated for doing repair etc., work on behalf of Naval Dockyard, Bombay, and were paid Rs. 9.7 lakhs on that account. The Committee consider this a step in the right direction as this would encourage the building up of subsidiary

19 23

[Ministry of Defence U.O. No. F. 2(7)/58/812/
SOII/D(N-1), dated 20-4-59].

industries which would be of much help during emergencies. At the same time they would emphasize that this should be done with due regard to the efficient and economic functioning of the Dockyard.

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27-28

The work on the new stage I was started in the middle of 1955 and is expected to be completed in 1961. The Committee consider it very unfortunate that over 2½ years should have been taken in commencing the execution of the project in 1955 when the scheme was finalised towards the end of 1952. The Committee feel that in an important matter like Naval Dockyard, a greater sense of urgency in executing the project should have been shown.

26

34

The Committee would suggest that while taking a final decision on the location of the second Dockyard, all the factors mentioned in para 35 of the Report should be carefully examined. They would further suggest that the possibilities of other sites including the Chilka Lake, Paradip etc. on the East Coast may also be taken into consideration.

Noted.

[Ministry of Defence U.O. No. F. 2(7)/58/1386/
SOII/D(N-1), dated 19-5-59].

Before Government accepted in principle the establishment of a Major Naval Base and Dockyard at Vizagapatam on a long term basis, in December, 1958, all the factors mentioned in the Report submitted by Mr. Murray in 1948 and the Preliminary Report submitted by Sir Alexander Gibb and Partners in May 1956, as well as the possibilities of other sites including Chilka Lake and Paradip etc. on the East Coast and the strategic and logistic considerations were taken into account.

[Ministry of Defence U. O. No. F. 2(7)/58/876/TS/
SOII/D(N-1), dated 21-4-59].

- 27 The Committee regret to observe that though as early as 1948, Government of India recognised the necessity for a second dockyard on the East Coast, no effective steps have so far been taken in that direction. They recommend that in view of the importance of the matter a decision should be taken as early as possible.
- 29 Since the efficiency and economy of the Dockyard are adversely affected by old machinery, the Committee recommend that every possible step should be taken by the Government to accelerate the pace of replacement of outmoded plant and machinery.
- 31 The Committee understand that the Captain Superintendent has at present no powers to purchase plant and machinery required for the Dockyard. They, however, understand that a proposal to give a monetary grant of Rs. 2 lakhs every year to the Captain Superintendent for replacement of plant and machinery is now under consideration by Government. The Committee are convinced that the heads of Industrial concerns should have adequate powers in such matters. They hope, therefore, that an early decision would be taken to delegate suitable powers.
- 35 In December 1958 Government have accepted in principle the necessity for the establishment of a major Naval Base and Dockyard at Visakhapatnam as a long term Scheme.
[*Ministry of Defence U.O. No.F.2(7)/58/877/TS/SOII/D(N-1), dated 4-4-59*].
- 38 Noted.
[*Ministry of Defence U.O. No. F. 2 (7)/58/776/SOII/D(N-1), dated 25-4-59*].
- 40 A monetary allotment of Rs. 2 lakhs per annum for the purchase of machinery and ancillary equipment from the U. K. /Indigenous sources that may be essentially required for the Industrial Manager's Department (including the Gun Mounting Division) of the Naval Dockyard, Bombay, has been sanctioned by Government in January 1958.
- The indents for machinery and ancillary equipment against the above allotment are, however, placed with the prior concurrence of the competent financial authority after obtaining

Sanction for foreign exchange expenditure in respect of the items to be imported from abroad. [Ministry of Defence U. O. No. F.2(7)/58/1536/TS/SOII/D(N-1), dated 17-6-59].

33 The Committee were informed that no suggestion to improve productivity and efficiency has come from Shop Committees or Works Committees. The Committee would suggest that effective steps should be taken to enlist the active co-operation of the workers in these matters and that measures should be adopted to create enthusiasm in them in this regard.

The Government accept the recommendation of the Estimates Committee and are taking steps to review the working of the existing Shops or Works Committees so as to enlist the better representation of the workers from all major trades with a view to improving productivity and efficiency. It is hoped that this review will be completed within a period of six months.

[Ministry of Defence U. O. No. F. 2(7)/58/1967/SOII/D(N-1), dated 29-7-59].

34 The Committee understood that there were certain allegations regarding irregular practices in respect of stores and that an Investigation Committee had been set up. The Committee would desire to be furnished with a copy of the Report of Investigation. Committee with details regarding the action taken by Naval HQ and Government. The Committee would also suggest that even if the present store procedure is considered satisfactory, an enquiry into the extent to which it is being correctly followed in practice should be carried out at an early date.

35 A copy of the Report* of Board of Enquiry appointed by Naval H.Q. is forwarded herewith for perusal.

2. A statement (Vide Appendix I) is attached showing the action taken by NHQ/Govt. on the recommendations made by the Board.

3. An enquiry will be undertaken to determine the extent to which the present store procedure is being correctly followed. A representative of the C.G.D.A. will also be invited to assist in the enquiry.

[Ministry of Defence U. O. No. F.2(7)/58/269/SOII/D(N-1), dated 15-2-61].

There is a fairly close liaison between the Forest Research Institute on one side and Naval Headquarters and the Dockyard on the other in respect of indigenous substitutes for imported timber/wood.

The Dockyard is making wide use of indigenous timber based on the recommendations and advice of the Forest Research Institute.

[*Ministry of Defence U.O. No. F. 2(7)/58/776/ SOII/D(N-1), dated 25-4-59.*]

In this connection the Committee would also suggest that there should be full co-operation between the Forest Research Institute, Dehra Dun, and the Naval Dockyard, Bombay, in the matter of supply of timber in order that the existing forest wealth could be utilised to the maximum possible extent for the requirements of the Navy as a whole and the Dockyard in particular.

The Committee suggest that the so-called surplus stores should be carefully reviewed to separate the really surplus items and to dispose of them very early, so that they may not unnecessarily occupy storage space and entail storage charges.

In order to conserve the foreign exchange resources it has been decided that the Defence surplus equipment and stores should be retained longer by reconditioning and repairing. To examine which of the stores should be disposed of an Inter-Services Technical Team with representatives from each of the three Defence Services and Technical representatives from D. G. O. F. and the C.G.D.P.'s organisation has been constituted to explore the possibilities of utilisation of surplus Defence Stores. As soon as the scrutiny of this Team is completed their recommendations will be examined by Government and stores which are really surplus and which cannot at all be utilised by Defence

Services authorities will be declared for disposal.

[Ministry of Defence U. O. No. F.2(7)/58/1117/
SOII/D(N-1), dated 6-5-59].

42 52 In view of the shortage of men required to meet even the current requirements and the necessity to train technicians and craftsmen for the proposed second Dockyard, the Committee would suggest that the feasibility of arranging double shift in the Dockyard Apprentice School to augment the strength of this class of personnel may also be considered.

The need to augment the strength of trained technicians and craftsmen is fully realised. To achieve this purpose, a proposal to increase the annual intake of apprentices from 115 to 200 with effect from the year 1960 is under active consideration. To provide for the proposed increased training programme, the feasibility of introducing a double shift in the Dockyard Apprentice School will be explored.

[Ministry of Defence U. O. No. F. 2(7)/58/
2617/SOII/D(N-1), dated 17-9-59].

43 53 The Committee consider the position regarding non-recovery of security money from the Apprentices who have left service, as unsatisfactory. They recommend that the condition regarding recovery of security bond money should either be strictly enforced on deserting Apprentices or deleted altogether taking suitable alternative measures to prevent the wastage.

It is the intention of Government that recovery of security bond money should be strictly enforced on all apprentices who have failed to fulfil the terms of agreement executed by their guardians. Suits have been filed in the court against some of them. Action will be taken to recover security bond money from the remaining defaulters in the light of the judgment passed in these cases.

[Ministry of Defence U.O. No. F.2(7)/58/3040/
SOII/D(N-1), dated 2-11-59].

45 The Committee do not consider the existing provision of accommodation to the Dockyard workers adequate. They understand that there is a proposal to provide additional accommodation to Dockyard employees by undertaking subsequent phases of construction. The Committee recommend that early action should be taken to complete the construction programme of residential accommodation for the employees.

46 The Committee were informed that the doctors employed in the hospital and various dispensaries in the Dockyard hold only normal medical qualification and are not trained in industrial medicine. The Committee suggest that in the light of modern developments in industrial medicine the need to give the doctors attached to industrial concerns proper training in industrial medicine should be kept in view.

A proposal for the construction of additional residential accommodation at Pawai for the Dockyard Workers is being considered. Every effort will be made to expedite its finalisation.

[*Ministry of Defence U.O. No. F. 2(7)/58/1067/SOII/D(N-1), dated 1-5-59.*]

Most medical officers are conversant as a rule with industrial hazards likely to be met with in the Dockyard. Four doctors at present with the Navy are trained as Hygienists but none of them can be spared for posting in the Dockyard dispensary at present.

Training facilities in industrial hygiene are at present available only at Calcutta. In order to implement the suggestion made by the Estimates Committee to give doctors attached to Industrial concerns proper training in industrial hygiene, doctors in the Navy will be encouraged to volunteer for the course in industrial hygiene at Calcutta.

For the present, the question of deputing a doctor trained in industrial hygiene from the Army

either by secondment or by a visit to the Naval Dockyard periodically to advise the doctors there on industrial hazards likely to be met with is being examined.

[*Ministry of Defence U.O. No. F.2(7)/58/1418/SOII/D(N-1), dated. 25-6-59*].

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Sl. No. (as in the Appendix III to the 8th Re- port.)	Reference to Para- graph No. of the Re- port.	Summary of Recommendations/Conclusions	Reply of the Government.
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The Committee deprecate the delay in implementing those recommendations of the Grace Committee which have been accepted by Government. In this connection they would reiterate the observation of the Committee, contained in para 8 of their 22nd Report.

The recommendations of the Grace Committee which have been accepted by Government have already been implemented. The observations made by the Estimates Committee regarding the delay in implementing recommendations of Committees which have been accepted by Government, do not, therefore, apply.

[Ministry of Defence U.O. No. F.2(7)/58/88/
SOII/D(N-1) dated 31-5-59.]

5 8 During the discussions on the subject the Committee learnt that only one copy of the Grace Committee Report was available with Government. They consider it very unsatisfactory that Government should have only one copy of such an important document, which if lost, would result in depriving the Government of the benefit of the report for the preparation of which considerable amount of labour and money have been spent.

Noted. It has been ascertained that Government hold more than one copy of the Grace Committee Report.

[Ministry of Defence U.O. No. F.2(7)/58/776/
SOII/D(N-1) dated 25-4-59].

6 9 The Committee suggest that the Government might examine the possibility of relaxing the existing policy by throwing open some higher posts for deserving civilians having suitable technical and administrative experience and also by civilianising the Corps of Naval Constructors and Electrical Engineers as far as practicable.

Noted. In the British, French and American Navies, though the Naval Dockyards are basically Civilian manned, the Superintendent, Captain/Commander of the Yard, Managers and Professional Officers of Engineer ('E') and Electrical ('L') departments are Naval Officers. It may be recalled that the old practice of having civilian officers in the 'L' departments is a thing of the past and it is the current practice to employ Service Officers both in the 'E' and 'L' departments who have received specialist naval training in Marine, Ordnance and electrical engineering. These officers have, from the beginning of their naval career, seen sea-life and are conversant with the practical difficulties, and experienced as operators and maintainers of ships machinery and equipment. When these officers serve in the Dockyard their practical knowledge is usefully employed in repairing and refitting equipment. Civilian officers are greatly handicapped in this experience as they have never had the

opportunity of maintaining and operating ships machinery and equipment. However, these are Civilian Officers in 'E' and 'L' Departments who have risen from tradesmen. Thus the combination of professional and sea going experience of Naval Officers with the industrial and trade experience of Dockyard Civilian officers is considered the best solution to technical and administrative problems.

8
A corps of Indian Naval Constructors has been recently formed which will consist of certain Civilian Officers already serving and other Officers, who will have Service Rank mainly for administrative reasons. This corps is the counterpart of the corps of Naval Constructors in the United Kingdom who also have assimilated Naval Rank. Since the majority of these officers would serve ashore in the Naval Dockyard or as Overseers for naval construction in Civilian Shipbuilding concerns, they would not normally be employed for general service duties as Naval Officers.

[Ministry of Defence U.O. No. F.2(7)/58/837/
SOIID (N-I) dated 23-4-59].

The Committee recommend that the question of delegation of more financial powers to the Captain Superintendent, Naval Dockyard, Bombay, should be considered at an early date. Further, they would suggest that the feasibility of appointing an Advisory Committee, composed of Senior Dockyard officials as well as a few experienced officials and non-officials having experience of Dockyard matters, to advise the Captain Superintendent in important matters; e.g. purchases, sub-contracting of works, etc. be examined.

The financial powers of the Capt. Supdt. Dockyard, Bombay have recently been enhanced as follows :—

- | | | |
|---|-----------------|---------------|
| (i) For local purchase of stores | From Rs. 1000/- | to Rs. 4000/- |
| (ii) For sanction of temporary establishments (Industrial/ Non-Industrial). | From Rs. 400/- | to Rs. 1500/- |

The above enhanced financial powers are exercised without reference to the Ministry of Finance (D/N).

The existing procedure for the issue of stores, equipment and spare gear etc. to ships on a permanent basis is that these items should first be included in the warrant/list of spare gear, portable fittings etc. of the ship with the prior concurrence of the Naval H. Q./Ministry of Defence. This procedure is at present working satisfactorily.

The need for a Committee to advise the Captain Superintendent, Dockyard on important matters regarding purchases, sub-contracting of works etc. has been examined but it is considered

that the appointment of such a Committee is not necessary for the following reasons:—

(i) Naval stores are patternised and as such detailed specifications of these stores exist in the various reference books to guide the procurement.

(ii) Quantum of sub-contracting of repair works is at present not appreciable. When occasions arise for sub-contracting of works the C.S.D. is guided by the professional officers of the various Dockyard Departments.

Further, the appointment of an Advisory Committee comprising of officials and non-officials who are not familiar with the day-to-day problems of the Naval Dockyard may not be really useful to the C.S.D. and may, possibly, adversely affect the efficiency of the Dockyard.

[Ministry of Defence U.O. No. F.2(7)/58/1999/
SOI/D(N-1), dt. 20-7-59].

22 The Committee regret to note that six years after having obtained a specialist advice on the system of cost accounting done in the Dockyard, the position is not much better than it was. They recommend that immediate and energetic measures should be taken to make cost control a reality in the Naval Dockyard.

The recommendations of the Estimates Committee have been examined in the light of what Shri S. V. Iyer, Chief Cost Accounts Officer of the Ministry of Finance had recommended on the Naval Dockyard Cost Accounting procedure. In this connection it may be pointed out that in his report Shri Iyer had stated that the four-

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22 The main reason for the delay in respect of Contract I is stated to be the failure of the contractor to carry out the work undertaken by him. Even after the commencement of work, the progress made by the contractor was negligible. He was repeatedly asked to accelerate the progress but no appreciable improvement resulted and ultimately the contract was forfeited in December, 1956. The Committee understand that the work is being executed at the cost of the defaulting contractor and that to recover the extra cost from him, Government hold a bank guarantee of about Rs. 12 lakhs, retention money of about Rs. 3 lakhs and certain plant and equipment left by him on the site. They further learn that the contractor has submitted certain claims amounting to Rs. 89 lakhs which according to the Government and the consultants are extra contractual and have not been admitted. The legal implications of this case are stated to be under examination by the Ministry of Law. They, however, hope that the interest of the State will be adequately safeguarded in this case.

23 31 Under the agreement, the remunerations of the Consultants are based on a certain percentage of the actual agreed cost of the works. The Committee were informed that in a meeting held

Noted. With a view to arriving at an amicable settlement with the contractor on the basis of his claims and Government's counter-claims, a meeting was held on 16-10-58 with the representatives of the contractor. These negotiations which were conducted without prejudice having failed, the question of referring the matter to arbitration is now under consideration.

[Ministry of Defence U.O. No. F.2(7)/58/1386/
SOII/D(N-1) dt. 19-5-59].

Noted. See reply to S. No. 24 also.

[Ministry of Defence U.O. No. F.2(7)/58/1386/
SOII/D(N-1) dated 19-5-59].

before the agreement with the Consultants was finalised, it was agreed that should there be a steep rise in the cost of labour and materials which was not reflected in the cost of establishment of the Consultants, they would consider a reduction in their remunerations. The Committee regret to note that this understanding was not incorporated in the agreement.

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The Committee do not feel happy over the method in which the fees of the Consultants have been fixed. The present terms are such as to give them an unintended benefit on account of the increase in the cost of work due to extraneous reasons, like contractors' delays and failure and not due to additions to the work. The Committee would, therefore, recommend that Government should review the matter and lay down principles on which remuneration should be paid to consultants in future contracts. They would suggest that Government should negotiate with the Consultants in the present case to eliminate increments of costs on account of extraneous reasons, from the cost of the project for determining remuneration.

The question was taken up with the Consulting Engineers. It has been suggested by them that their remuneration should be based on (a) accepted contract prices of all the contracts let, together with any additional works which are carried out as extension of these contracts and (b) on estimated value as agreed between Government and Consultants for works carried out by direct labour and that fees will not be claimed either on increases which may occur from the commencement of the works in respect of material, labour etc. or on claims made by the contractors for increased payment outside the terms of (a) above. They have further expressed their willingness to agree to a revision of the existing sliding scale of fees and have suggested a revised basis. The Consultants proposals/suggestions are under consideration.

[Ministry of Defence U.O. No. F.2(7)/58/1386/
S.O. II/D(N-1). dated 19-5-59].

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Further reply

A reply in regard to the concluding portion of the summary has been furnished by the Ministry of Defence in their U.O. No. F.2(7)-58/1386 S.O. II/D(N-1), dated the 19th May, 1959. In regard to laying down of principles on which remuneration should be paid to consultants in future contracts, attention is invited to the Ministry of Finance Office Memorandum* No. F-33 (23)-E.G.I./60 dated 27-9-1960.

[*Ministry of Finance O.M. No. F. 33(23) E.G.I/60 dated the 27th September, 1960.*]

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The Committee regret to note that in spite of the existence since 1953 of such a high powered Committee like Construction Committee, which was constituted specifically to expedite the execution of this project, the progress of the work has not been satisfactory. The Committee also regret to note that the Construction Committee has not been as effective in its work as it was expected to be. However, they were informed that the position has shown an improvement in 1957-58 during which year as against the sanctioned budget grant of Rs. 75 lakhs, an expenditure

The Construction Committee were handicapped by the failure of Contractor No. 1—M/s. Hind Constructions Ltd., the Engineer Administrator also took some time to formulate plans for departmental execution of the balance of works of Contract No. 1 and in the mean time dredging equipment brought on site by Contractor No. 1 had to be released to its owner M/s. SEDEC/EGYCO an Egyptian concern, but the Naval Dredging equipment could not be made available to Engineer Administrator. In view of these handicaps,

of Rs. 79 lakhs is anticipated. It was also stated that the position was likely to improve in subsequent years. The Committee recommend that more effective steps should be taken to secure the expeditious execution of the Expansion project.

Government are of the view that the Committee did its best during its existence. However, as a Committee at New Delhi could not function as effectively as high-level officer on the spot, the Committee has been replaced by a Director General in overall charge of the project with his headquarters at Bombay. He has also replaced the Engineer Administrator and Chief Works Officer at Bombay. This step has been taken for the expeditious execution of the scheme. The tempo of work has increased appreciably and the expenditure during 1958-59 is estimated to be about Rs. 100 lakhs as against Rs. 47.6 lakhs in 1956-57 and Rs. 56.61 lakhs in 1957-58. Action is also being taken to obtain Government's approval for the simultaneous execution of some of the works under Stage II of the Scheme.

[Ministry of Defence U.O. No. F.2(7)/58/1386/
SOII/D(N-1), dated 19-6-59].

30 The Committee consider that the whole procedure of procurement of machinery should be examined with a view to effecting simplification so as to meet the present day needs. Further they would recommend that in order to meet the problem of delay in procurement of stores, plant and machinery advance planning, say two years, in advance should be done.

39

The existing procedure of procurement of machinery has been examined and it is revealed that the system is working satisfactorily not only in so far as the procurement of machinery required by the Naval Dockyard is concerned but also in respect of items of machinery obtained by the army. The delay in the procurement of stores, wherever it occurs, is due not because of any draw back in the

procurement procedure but because of the suppliers in foreign countries, in certain cases, not adhering to the delivery dates stipulated in the contract. The delay does not materially affect the normal working of the Naval Dockyard, Bombay, as advance planning of two to five years is being done for the procurement of stores.

In order to further minimise administrative delays, an annual monetary grant of Rs. 2 lakhs has been sanctioned for the procurement of plants and machinery.

[Ministry of Defence U.O. No. F. 2(7)/58/2646/
SOI(D)N-1), dated 22-9-59]

41 The Committee recommend that Government should examine the possibilities of extending the incentive system of payments to the Dockyard. For this purpose the system introduced in U.K. might also be studied and the advice of experts who have special knowledge of the matter may be sought.

32 The extension of the incentive system to the Naval Dockyard has been very carefully considered at various times by Government, and it has been found that conditions obtaining there are not favourable to such extension. This system is suited to new production and straight-forward piece work. As work in the Naval Dockyard consists very largely of repair work which varies from item to item, fixation of equitable payment rates and standard times for the performance of a particular repair, is impracticable.

In the Royal Naval Yards, payment by results has been adopted for certain types of works where equitable job/time allocation can be made, e.g., for riveting, plating and tank testing. In the Indian Naval Dockyard, proposals to introduce payment by results for even such types of work in 1953-54 have met with lack of co-operation on the part of labour and the unions, and have consequently had to be dropped.

A further difficulty in extending the incentive system of payment lies in the precision nature of some of the work, such as electronics repair. There is likely to be a tendency on the part of the workers to rush through such work which would adversely affect the efficient and accurate performance of the equipment.

Fresh efforts will, however, be made to obtain the co-operation of the workers unions to the introduction of piece-rates for suitable types of work and if they are agreeable this system will be introduced whenever possible.

Necessary information from other Ministries and State Governments controlling workshops, where comparable work of repair is undertaken, will be sought on the feasibility of extending the incentive system of payment.

[Ministry of Defence U.O. No. F. 2(7)/58/1968/
SOII/D(N-1), dated 4-8-59].

35 While appreciating the efforts made in replacing imported stores by indigenous ones, the Committee feel that much leeway has yet to be made in this matter. They would reiterate the recommendations contained in paras 62 to 65 of their 56th Report regarding the Appointment of an Equipment Committee and the establishment of show-rooms for Naval Stores also. The Committee would also suggest that very wide publicity should be given to the requirements of remaining items of stores by the Navy, so that the indigenous sources could be further explored.

The formation of an Equipment Committee for Defence Stores in the same context as adopted by the Railways will result in duplication of effort in locating indigenous sources of supply of various types of Naval Stores, in view of the fact that an organisation under the Controller General of Defence Production is already in existence whose main function is to examine the capacity in India for the manufacture of various Defence Stores/equipment which are at present imported. This organisation also explores the possibilities of extending the existing industries in order to produce such items which cannot be manufactured with the existing resources. This organisation comprises representatives from the Three Services. The Navy is represented by the Director of Stores Production (Navy) with its Naval Overseeing Staff available at Calcutta and Bombay.

2. In so far as the indigenous manufacture of Naval Stores is concerned, all demands/indents for import of stores/equipment are vetted by Director of Stores Production (Navy). Such screening by Director of Stores Production (Navy) provides the Controller

General of the Defence Production Organisation with the detailed information of the types of stores/equipments required for the Navy and an effort is thus made by them to contact local firms through their Naval Overseeing Organisations located at Calcutta and Bombay to explore the possibility of indigenous manufacture.

3. The main industrial firms that can meet naval requirements are located in Bombay, Calcutta and Delhi. In order to acquaint these firms with the type of naval stores required, Sample Rooms have been set up at these places.
4. Efforts are also made by the Naval Overseeing Staff at Bombay and Calcutta to personally contact local firms interested in undertaking manufacture of Naval stores. As a result of the efforts of Director of Stores Production (Navy) Organisation, the amount of foreign exchange savings accrued in respect of Naval Stores which were imported previously, are given below:—

	Rs.
1956-57	13.50 lakhs
1957-58	12.20 "
1958-59	11.44 "
1959-60	7.50 "
	Total 44.64 "

The foreign exchange saving against each year as indicated above relates to a different range of stores, the production of which has been indigenously established during that year.

(Ministry of Defence U.O. No. F. 2(7)/58/2467/
SOII/D(N-1), dated 12-12-60)

37 In view of the general delay in the supply of the stores, the Committee cannot help the conclusion that the categorisation is not correctly made in all such cases. Since the procurement of the stores categorised as 'operational' and 'urgent' costs much more than ordinary stores, the Committee would recommend that immediate steps should be taken to ensure that indents for stores are not classified without sufficient justification as 'operational' and 'urgent'. They would also suggest that a periodical review of the classification in a few cases should be made to judge the correctness of the classification.

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1. A review of the indents placed by Naval HQ between 1-4-58 and 31-3-59 has been made. It is found that out of 874 indents placed during this period, 24 indents have been classified as Urgent/Operational. A scrutiny of these Urgent/Operational indents has been made and the position is:—

- (a) the total value of these indents was small, and
- (b) there was no undue delay in the issue of the stores to ships/establishments for the date of receipt of stores.

2. In view of the fact that the number of indents classified as Urgent/Operational is small, this Ministry is of the view that a periodical review of Urgent/Operational indents is not necessary. However, instructions are being issued to Naval HQ to furnish statistics regarding the

number and value of Urgent/Operational indents raised every year. If on scrutiny of these statistics it is found that there is any abnormal tendency regarding the increase of Urgent/Operational indents placed, then a detailed review of these indents will be undertaken:

3. In this connection it may be pointed out that indents for naval stores are classified as Urgent or Operational depending upon the urgency of the requirements and that too where really justified. The following instructions as contained in Naval Stores Department Memo. No. 1/59 dated 5th August 1959, are already in existence regarding the classification of Urgent/Operational indents:—

33

(i) All urgent indents together with a certificate of urgency for supplies required within 90 days of the date of indents, will be signed by the Deputy Directors of Stores on behalf of the Director of Stores.

(ii) All 'Operational' indents for supplies required *immediately* will also be signed by the Deputy Director of Stores except that an 'Operational' certificate is to be put up for signatures of the Director of Stores.

In the cases of SPDC stores, Armament Stores and Gun Mounting Stores etc. the Directors/

Deputy Directors concerned authorise the classification of indents as Operational/Ur-gent.

In the circumstances the chances of incorrect classification of indents for the procurement of stores are greatly minimised.

[*Ministry of Defence U.O. No. F. 2(7)/58/188/SOII/D(N-1), dated 1-2-61*]

39 48 The Committee feel that the staff strength has increased out of proportion to the total output of the Dockyard as a whole.

The Recommendation made by the Estimates Committee at S. No. 40 in Appendix III to the 8th Report on the Naval Dockyard, Bombay, regarding the appointment of a Technical Committee has been accepted by the Government.

It has been decided that the Recommendation at Serial No. 39 of the Estimates Committee should also be included in the terms of reference for the Technical Committee for its opinion and recommendations.

[*Ministry of Defence U.O. No. F. 2(7)/58/2351/SOII/D(N-1), dated 25-11-1960*] 2352

The Committee understand that about 80 Apprentices have left the service after completion of their apprenticeship or during apprenticeship period during the last three years. This wastage amounts to 40 percent of the total. The Committee feel unhappy that this high rate of wastage occurs when the Dockyard is experiencing shortage of trained technicians and craftsmen. They would recommend that a comprehensive enquiry should be made into the causes of the defection of the apprentices. The enquiry should include all aspects such as the terms and conditions of service of the apprentices and tradesmen, their prospects in the Dockyard, the method of selection etc. They suggest that the authority conducting the enquiry should also take note of similar problem solved in other industries in the country and also in other countries.

The Government also feel concerned at the high rate of wastage of trained apprentices.

2. A Committee was appointed by the Capt. Supdt. Dockyard to suggest remedial measures to overcome the drawbacks in the Dockyard Apprentice Training Scheme. In the light of the recommendations made by the Committee, the Scheme was examined at length in the Naval Headquarters, Ministries of Defence, Finance (Defence) and Law. Efforts were made in the revised Regulations to remove the drawbacks. Two important changes were made in the terms and conditions of training *viz.* the period of training was reduced from five years to four years and the period of post training compulsory service was reduced from eight to five years. Whether any further revision is necessary will be considered after the first batch recruited under the revised scheme has completed the course.

3. As regards the question of an enquiry into the terms and conditions of service of the trained apprentices, it may be mentioned that this question must await the Report of the Second Pay Commission which is examining the terms and conditions of service of civilian Central Government employees. After the recommendations of the Commission become known, the question of the betterment of the

conditions of service of the Dockyard Apprentices will be considered along with other civilian employees working in the Naval Establishments.

4. In the meantime, the measures to be taken to reduce the wastage of trained apprentices by defections to other more lucrative appointments, are under examination. For example, the question whether the cost of training, which is recoverable from the apprentice who fails to fulfil the terms of the contract entered into by his guardian, may be revised upwards to approximate more closely to the actual expenditure incurred, is under consideration. The question, of amplifying the existing agreement to provide specifically that it is open to Government (i) to claim damages for breach of contract in respect of items other than the cost of training, for instance, loss of service including the cost of getting the work done by other means etc. etc. and (ii) to obtain an injunction preventing the apprentice from taking employment elsewhere, is also being examined. It may be pointed out that in the new agreement both the guardian and apprentice have been made jointly and severally responsible to pay the

cost of training in the case of non-fulfilment of the contract

[*Ministry of Defence U.O. No. F. 2(7)/58/2123/SOII/D(N-1), dated 11-8-59*]

44 The Committee consider that the system of overtime tends to create a tendency to go slow among the workers with a view to earning overtime. They are unable to agree that the employment of additional workers is the necessary solution for reduction in overtime. As already stated by them the workload and labour strength should be carefully assessed. They would also recommend that the reason for working overtime in each case should be examined and efforts should be made to keep overtime to the minimum.

The Recommendation made by the Estimates Committee at S. No. 40 in Appendix III to the 8th Report on the Naval Dockyard, Bombay, regarding the appointment of a Technical Committee has been accepted by the Government.

It has been decided that the Recommendation at Serial No. 44 of the Estimates Committee will be referred to the Technical Committee for its opinion and recommendations.

[*Ministry of Defence U.O. No. F. 2(7)/58/2351/2352*]

SOII/D(N-1), dated 25-11-60.

CHAPTER IV

REPLIES OF GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

S. No. (as in Appendix III to 8th Re- port)	Reference to para- graph No. of the Re- port)	Summary of Recommendation/ Conclusion	Government's reply	Comments of the Committee
1	2	3	4	5
12	15	<p>The Committee recommend that a detailed and systematic study of the organisation, administrative set up, methods of working etc. of the Dockyard not only in U.K. and other Western countries, but also in Japan and USSR should be undertaken with a view to utilising the knowledge for improving the structure, mana-</p>	<p>The main functions of the managerial set up of any Dockyard are to refit ships and to keep them in a material state of operational efficiency. The methods to achieve this object vary from country to country. For example the principles reported to be followed by USA and Japan are to effect repairs of damaged</p>	<p>See para 1 of Chapter I of the Report.</p>

gement and methods of functioning of the Dockyard in this country.

units of machinery/ equipment by complete replacement, whereas in the Royal Naval Dockyard emphasis is laid on repairing the damaged units of machinery/equipment.

The systematic study of the organisation, administrative set up, methods of working etc. of the Naval Dockyards in the U.S.A., Japan and USSR would no doubt broaden the outlook of the managerial team of the Naval Dockyard, Bombay but the knowledge thus gained may not, it is felt, be profitably utilised as the methods of working and set up of the Naval Dockyard, Bombay are entirely based on R. N. practices.

[*Ministry of Defence U.O. No.*
F2(7)/58/1604/SOII/D(N-1)
Dr. 1-7-1959]

16 20 Under the existing system of budget and accounting separate figures of expenditure on the

The recommendations of the Estimates Committee are apparently based on those made by

See para 2 of Chapter I of the Report.

pay and allowances of Service personnel employed in the Dockyard as well as on stores and equipment expanded therein are not available in the Budget or the accounts. They consider that the existing budgetary and accounting system in the Naval Dockyard is not suitable for an industrial undertaking. They find that the Chief Cost Accounts Officer, Ministry of Finance, Government of India, had recommended in 1951 that the budget of the Dockyard should be prepared separately from the Budget estimates of the Navy. The Committee regret to find that in spite of such a recommendation having been made in 1951, no separation of Dockyard Budget estimates has been made so far. They recommend that the question should be reviewed again as early as possible with a view to its implementation.

Shri S. V. Iyer, the Chief Cost Accounts Officer in the Ministry of Finance. It was recommended by Shri Iyer that when preparing the budget estimates for Navy, separate estimates should be compiled under each head for the Dockyard also and that the total of this separate budget should be reconciled with the estimates for the work programme during any particular year: if this is done, it will ensure that the production budget for the dockyard will be consistent with the Financial budget for that organisation for that particular year for which the budget is compiled.

2. The recommendations of Shri Iyer are based on the budgeting procedure followed by the Admiralty. The Royal Navy Budget is divided into 15 votes numbered from vote 1

to vote 15. Vote 8 relates to "the shipbuilding repairs and maintenance etc.". This is again sub-divided into three sections *viz.* Section I : Personnel; Section II: Material; Section III : Contract work.

3. A close study of vote 8 reveals that it does not represent solely "all in" expenditure incurred by the R. N. Dockyards for the construction, repairs and maintenance of ships. For example, section 1 of the vote represents not only the wages and salary of personnel employed in dockyards but also of the Naval Stores Depot etc. which feed not only the dockyards but the Fleet as well. Similarly Section 2 "material" does not represent the cost of material estimated to be consumed in the Dockyard during the year but also the amount estimated to be paid during the year for the stores procured on a forward basis which are intended to cater for the future requirements of the dockyard as well as Fleet.

It will thus appear that there is not much dissimilarity in the budgets of the Royal Navy and of the Indian Navy. The only difference so far as the Indian Navy is concerned is that the pay and allowances of Service Officers employed in the Dockyard are not separately exhibited and that the other items of expenditure such as the wages of labour, payment of stores etc. are not shown collectively under one sub-head but exhibited under different sub-heads.

4. It will thus appear that the recommendations of Shri Iyer can be implemented without separating the budget of the Naval Dockyard from that of the Indian Navy, if a proper system of Cost and Production control is followed by the Naval Dockyard

5. The Annual Production Account is at present prepared by the C.D.A. and if a corresponding Annual production estimates based on the programme of refit etc. is planned and a proper machinery introduced to watch during the year the progress made against this estimate a proper 'cost and production' control will become a reality in the Naval Dockyard. Steps are being taken in this direction to achieve the desired results.

[Ministry of Defence U.O.
No. P2(7)/58/3163/SOII/
D(N-1) dated 14-11-59].

28 Although the Committee agree that a separate Salvage Organisation is not warranted in the present conditions, they recommend that the Govt. might examine the feasibility of continuing any other existing Naval organisation e.g., the Diving School

The setting up of a Central Salvage organisation in Indian Waters is at present under consideration of the Govt. in the Ministry of Transport and Communications. One of the proposals is that the Central Salvage Organisation should be set up by the

The Committee feel that normally setting up of a salvage organisation for vessels is the responsibility of the Ministry of Transport but the Navy can undertake salvage for Naval vessels which apparently it is doing. Since the matter is under consideration, the

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with the functions of a salvage organisation in order to build up a nucleus organisation.

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Ministry of Transport & Communications and if the Govt. allotted the task to the Navy, the Navy could assume the operational control of the organisation purely on an agency basis. Pending a decision on these proposals it is not proposed to expand the present salvage arrangements in the Navy as the present organisation is considered adequate for the requirements of the Navy.

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Committee recommend that a quick decision may be taken in this matter without further delay.

[Ministry of Defence U.O.
No. F 2(1)/58/1963/SOII/D
(N-1).]

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN RECEIVED

S.No. of the recommend- ation	Reference to Para No. of the Report	Summary of Recommendations/ conclusions
1	2	3
1	5	The Committee feel that the Departments whose main function is storage and supply of Stores could be separated from the Naval Dockyard Organisation by entrusting the servicing aspect of their duties to a section under the Industrial Manager's Department. They also do not see any justification for keeping the Spare Parts Distribution Centre and the Naval Stores Department as two separate Departments. In the Committee's view it might be possible to amalgamate these two Supply Departments under one Manager.
2	5	The Committee recommend that in the interest of economy and efficiency, the organisational and administrative set up of the Naval Dockyard should be examined with a view to making it a compact industrial unit.
13	16	The Committee would suggest that the Government should also consider the question of inviting some specialists from abroad to study the Dockyard conditions and to make suggestions on the methods to be adopted for improving the efficiency.
17	21	The Committee feel that the production accounts now prepared for the Dockyard are not a satisfactory substitute to the commercial system of accounting. The Committee consider that this question also should be reviewed and the feasibility of introducing a commercial system of accounts for the Naval Dockyard should be examined.

1	2	3
20	24	The Committee were told that the question of maintaining a proper Depreciation Fund Account in the Dockyard is under examination. They hope that the matter would be examined expeditiously by Government and decision arrived at without any further delay.
40	49	From the statement furnished to the Committee showing action taken on the recommendations of the Chief Cost Accounts Officer, Ministry of Finance, they found that an assessment of strength 'is being done' but it is not evident whether any job analysis in respect of ministerial staff has been undertaken. The Committee desire that they should be furnished detailed information on the steps so far taken and the results thereof. The Committee would also suggest that a Technical Committee consisting of Engineers, Cost Accountants and trained Administrators should be asked to examine the workload and strength of the staff of all categories including industrial, non-industrial, technical, non-technical clerical and supervisory in the various departments of the Dockyard.

NEW DELHI;
The 20th March, 1961

The 29th Phalguna, 1882 (S)

H. C. DASAPPA,
*Chairman,
 Estimates Committee.*

APPENDIX I

(Vide reply to recommendation No. 34 Chapter II P. 13)

Statement showing the action taken by Naval HQ/Govt. on the recommendations made by the Board of Enquiry appointed by N.H.Q. to investigate into the alleged smuggling of electronic stores from the Naval Dockyard

Recommendation made by the Board of Enquiry	Action Taken by N.H.Q.	Action Taken by Government
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(a) All electronic stores and the so called "Junk" lying in the W/T Centre 23/4 and the associated storehouse should be properly sorted out. All pattern number items should be taken on charge and returned to N.S.O. Other items which can be used for carrying out repairs to existing equipment of the Navy should be taken on charge of the shop register and properly accounted for. Items which are of scrap value only should be disposed of according to regulations.

Instruction for sorting out, taking on charge of serviceable items and earmarking of stores for disposal have been issued to the Dockyard authorities.

Nil

(b) Although there was no direct proof, taking note of circumstantial evidence, the Board considered two Civilian Supervisors to be thoroughly dishonest and recommended their dismissal from service.

Naval Headquarters agreed with the opinion of the Board. However, as pointed out by the Board, there was no direct proof against the individuals. Further the employees were permanent Govt. servants who could not be discharged by giving notice. The individuals were, however, transferred to other Sections within the Dockyard and were kept under close supervision.

One official was transferred out of Bombay. The other official for whom there was no suitable vacancy outside Bombay was transferred to another appointment in Bombay itself.

(c) The Board understood that one official who was already out of service was trying to rejoin the Dockyard. The Board recommended that he should not be employed in the Naval Dockyard in any capacity nor allowed within the precincts of the Dockyard.

As the official in question had already been discharged from service, the question of reemployment did not arise.

Nil.

(d) The Board recommended that two other officials who had made sweeping and unfounded allegations might be dismissed from service.

No action was taken against the officials due to lack of adequate proof of charges against them.

Nil.

(e) A record be maintained at the Lion Gate of all items which are left over

Orders to implement this recommendation have been issued.

Nil.

and are brought back to Naval Dockyard on completion of work at out-stations.

(f) The Board recommended that Administrative Authorities may take such action as they considered necessary against certain Naval Officers.

The Chief of the Naval Staff has admonished three Service Officers to be more careful in future.

In addition to the disciplinary action taken by Naval Headquarters, the extreme distress of the Government has been conveyed to two Senior Service Officers.

APPENDIX II

Analysis of the Action taken by Government on the Recommendations contained in the Eighth Report of the Estimates Committee
(~~First Lok~~ Sabha)
Second)

1.	Total number of recommendations	46
2.	Recommendations that have been accepted fully by Government (<i>Vide</i> recommendations in Chapter II).	
	Number	21
	Percentage to total	45.7%
3.	Recommendations not accepted fully by Government but replies in respect of which have been accepted by the Committee (<i>Vide</i> recommendations in Chapter III).	
	Number	16
	Percentage to total	34.8%
4.	Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> recommendations in Chapter IV).	
	Number	3
	Percentage to total	6.5%
5.	Recommendations in respect of which replies of Government have not been received (<i>Vide</i> recommendations in Chapter V).	
	Number	6
	Percentage to total	13.0%