

**TWENTY SECOND REPORT  
COMMITTEE ON PETITIONS  
(SIXTEENTH LOK SABHA)**

**MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES  
(DEPARTMENT OF HEAVY INDUSTRY)**

**(Presented to Lok Sabha on 9 December, 2016)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2016/Agrahayana, 1938 (*Saka*)**

**CPB. NO. 1 Vol. XXII**

**Price: Rs.....**

**(c) 2016 BY LOK SABHA SECRETARIAT**

**Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Sixteenth Edition) and printed by the Manager, Government of India Press, Minto Road, New Delhi- 110002**

## CONTENTS

<b>COMPOSITION OF THE COMMITTEE ON PETITIONS: .....</b>	<b>PAGES</b> <b>(iii)</b>
<b>INTRODUCTION.....</b>	<b>(v)</b>

### REPORT

Representation received from Shri Ghanshyam Bairwa forwarded by Shri Om Birla, M.P., Lok Sabha and Smt. Meenakshi Borkar regarding non-payment of arrears of pension and full salary to the employees/retired employees of Instrumentation Ltd., Kota.

### ANNEXURES

i) Minutes of the 25th sitting of the Committee held on 1.7.2016.	28
ii) Minutes of the 30th sitting of the Committee held on 29.11.2016	31

**COMPOSITION OF THE COMMITTEE ON PETITIONS  
(2016-2017)**

Shri Bhagat Singh Koshyari - *Chairperson*

**MEMBERS**

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
6. Dr. K. Gopal
7. Shri Chhedi Paswan
8. Shri Kamlesh Paswan
9. Shri Arjun Charan Sethi
10. Shri Kodikunnil Suresh
11. Shri Dinesh Trivedi
12. Shri Rajan Vichare
13. Shri Dharmendra Yadav
14. Vacant
15. Vacant

**SECRETARIAT**

- |                               |   |                            |
|-------------------------------|---|----------------------------|
| 1. Shri Shiv Kumar            | - | Joint Secretary            |
| 2. Shri Raju Srivastava       | - | Additional Director        |
| 3. Shri Jyoti Prakash Krishna | - | Senior Executive Assistant |

(iii)

**TWENTY SECOND REPORT OF THE COMMITTEE ON PETITIONS**  
**(SIXTEENTH LOK SABHA)**

**INTRODUCTION**

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Twenty Second Report (Sixteenth Lok Sabha) of the Committee to the House on the representation received from Shri Ghanshyam Bairwa forwarded by Shri Om Birla, M.P., Lok Sabha and Smt. Meenakshi Borkar regarding non-payment of arrears of pension and full salary to the employees/retired employees of Instrumentation Ltd., Kota.

2. The Committee considered and adopted the draft Twenty Second Report at their sitting held on 29 November, 2016.
3. The observations/recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI;**

**29 November, 2016**  
**08 Agrahayana, 1938 (Saka)**

**BHAGAT SINGH KOSHYARI**  
*Chairperson,*  
*Committee on Petitions*

(v)

## REPORT

### **REPRESENTATIONS OF SHRI GHANSHYAM BAIKWA FORWARDED BY SHRI OM BIRLA, M.P., LOK SABHA AND SMT. MEENAKSHI BORKAR REGARDING NON-PAYMENT OF ARREARS OF PENSION AND FULL SALARY TO THE EMPLOYEES/RETIRED EMPLOYEES OF THE INSTRUMENTATION LIMITED (IL), KOTA.**

Shri Ghanshyam Bairwa submitted a Representation forwarded by Shri Om Birla, M.P., Lok Sabha regarding non-payment of arrears of pension and full salary to the employees/retired employees of the Instrumentation Limited, Kota. Subsequently, Smt. Meenakshi Borkar also submitted a similar Representation on the issue.

2. The Petitioners, in their Representations had stated that the Kota (Rajasthan) based Public Sector Undertaking (PSU) namely, the Instrumentation Limited (IL) is being faced with a question of survival owing to severe financial crisis. Due to this, the Management of this entity even could not deposit the Provident Fund subscription of the employees amounting to Rs.128.27 crore which was deducted from the salaries of the employees from December, 2010 onwards with the Department of Provident Fund. Further, the employees are not being paid full salaries/wages and rather they are being paid part-salary. To further worsen the situation, even at the time of retirement, the Company is unable to pay to its retired employees their Provident Fund accumulations, Gratuity and also the leave encashment.

The Petitioners have, therefore, prayed as under :-

- (i) The payment of Provident Fund should be made to the employees.
- (ii) The retiring employees should be provided with the arrears of Pension, Provident Fund, Gratuity and Leave Encashment.
- (iii) Financial assistance for revamping/revival of the Instrumentation Limited should be provided by the Central Government.
- (iv) The Kota and Palaghat based Units of the Instrumentation Limited should be merged with the Bharat Heavy Electricals Limited (BHEL) or any other major entity of the Government.

- (v) The arrears in respect of salary revision for the period from January, 1997 to February, 2009 should be disbursed.
- (vi) Voluntary Retirement Scheme (VRS) should be offered by way of salary revision of the one-time national scale, 2007.
- (vii) The market value of the 51 percent share of the Rajasthan Electronics and Instruments Limited (REIL) should be assessed and the funds so earned may be provided to the Instrumentation Limited, Kota.

3. The Committee took up the Representations for examination under Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the Representations were forwarded to the Ministry of Heavy Industries & Public Enterprises for furnishing their comments on the issues raised in the Representations.

4. In the matter, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), vide their OM No.10(1)/2015-PE-VIII dated 13 July, 2015 furnished the following reply :-

*"Due to severe financial crisis, the Company was not able to deposit PF contributions in the Instrumentation Limited (IL) PF Trust since December, 2010. In the Board for Industrial and Financial Reconstruction (BIFR) sanctioned Modified Revival Scheme (MRS 10) implemented from 23 February, 2010, fund generation was provided through the sale of surplus assets available at Jaipur, i.e., Malviya Nagar and Sitapura lands of approx. 12.99 acres. However, even after five years from the sanctioning of MRS 10, the sale of IL assets at Jaipur has not been materialised due to non-receipt of necessary approvals from the BIFR. Due to non-receipt of timely support and funds as envisaged in the MRS, the statutory liability dues of the Company kept mounting every year and, as on date, the PF liability is Rs.133.45 crore.*

*The Company has not been able to make payment of PF to retired employees from December 2010 to June 2015, which is approximately Rs.50 crore. The Company, on its own, is unable to clear the PF liability and also not in position to deposit statutory dues in future and has requested for giving financial support from its administrative Ministry. In this regard, vide letter dated 10 March 2015, the Company has requested DHI for Rs.285.36 crore support towards meeting the statutory dues liability. The IL has a subsidiary Company, viz., the Rajasthan Electronics Instruments Ltd (REIL) based in Jaipur, Rajasthan, in which IL holds 51% equity. The Company has submitted proposal to the DHI requesting delinking of IL from REIL by*

*divesting its 51% equity share and receive approximately Rs.300 crore, as a fair market valuation of REIL.*

*A total of 157 employees will be retiring in the financial year 2015-16 and the Gratuity payment liability is approximately Rs.13 crore. The Company is not a position to make this payment to retired employees without outside support.*

*Company has made payments of EL encashment, PF amount (due before December 2010), and other balance payments to employees who have retired till August, 2013, from the proceeds received as soft loan GoR against the sale of surrendered Kota land (90 acres). The Company has also submitted a "Credit Worthy Revival Plan" to DHI on 5 January, 2015, wherein, an aid of Rs.300 crore towards payment of balance salary of ex-employees/and current employees upto March, 2015 has been requested for sympathetic consideration from DHI. The BIFR, in its hearing dated, 29 October, 2014 had directed the Company to submit a "Credit Worthy Revival Plan" which was submitted by the Company on 5 January, 2015. The Revival Plan proposes the following funds for clearing dues and meeting the working capital requirements:-*

- (a) One time support of Rs.300 crore;*
- (b) Receipt of approximately Rs.300 crore from DHI through divesting 51% equity share in REIL; and*
- (c) Receipt of approximately Rs.109 crore as sale proceeds from the sale of surplus Jaipur land.*

*Considering the continuing reduction in Company's manpower (621 at Kota Complex and 323 at Palakkad) as on 1st July, 2015 - merging of IL with any big and profit making PSE like BHEL was also been proposed in the above referred Revival Plan submitted on 5 January, 2015. The merger of IL with BHEL will be beneficial to both the Organisations as it has the benefit of business and operation synergy for both the PSEs, while also using the available infrastructure, manufacturing facilities and manpower skills of IL optimally.*

*As the net worth of Company became negative, the Company was referred to the BIFR in 1993. The modified Revival Scheme (MRS 10) was approved by CCEA on 23 February, 2009 and the MRS 10 was sanctioned by the BIFR on 25 February, 2010. The MRS-10 specifies implementation of 1997 pay revision with effect from 1 January, 1997. The Company has fixed notional pay scale of all employees from 1 January, 1997, which is effective from 23 March, 2009 as per the decision of CCEA. There was no proposal of paying the wage arrears from January, 1997 - February, 2009 submitted by Union representatives to the BIFR at that time nor is there any*



*provision made for payment of this pay revision arrears in the BIFR sanctioned MRS-10. Hence considering the above, wage revision arrears for the period January, 1997 to February, 2009 is not applicable as per CCEA approval dated 13 February, 2009 included in the MRS-10."*

5. On being enquired by the Committee about the brief history of the Company, the Ministry of Heavy Industries & Public Enterprises, in its written reply, submitted:-

*"Instrumentation Limited, Kota was set up in 1964 to operate in the field of Process Control Instrumentation. The Company has been providing wide range of Control & Instrumentation Systems on 'turn-key' basis covering Design, Engineering, Manufacturing, Supply, Erection and Commissioning at the project sites. The present production range of the Company comprises of Switch Board Cabinet (SBC) Panels for Railways, Local Instrument Enclosure (LIE), Local Instrument Rack (LIR) Panels, Complete Control Systems for Thermal Power Plants, UPS Systems, Precision Components to the Indian Defence, Liquid and Gas Analyzers Systems, High Performance Electronic Transmitters, Desk/Panel mounted Recorders and Controllers and other hardware Panels, Instrument Cabinet and Racks, MAX-L, MAX-XL Exchanges, Control Valves and Actuators, etc.*

*The Company has its Registered Office and Headquarters at Kota (Rajasthan). Its manufacturing Plants are located at Kota for DDC, Electronics Instruments & Telecom products and at Palakkad (Kerala) for Control Valves, Actuators, etc. Both the manufacturing plants are accredited with ISO 9001:2008 series certification.*

*As on 1 April, 2016, the total number of employees presently working at various Units of the Company is 849. [Kota Complex: 546 (Officers:158; Supervisors: 284; Workers: 104) and Palakkad Unit: 303 (Officers:35; Supervisors: 124; Workers:144)].*

*Instrumentation Limited is active in the range of Control and Instrumentation systems. The production and order booking of Instrumentation Limited has always been consistent even when the Company is in the BIFR and Modified Revival Scheme has not been fully implemented. While Instrumentation Limited is able to successfully compete in the market, it has not been financially healthy and is now suffering losses, primarily due to large overdrawn payments towards salary and statutory dues and higher Interest rate. The paid up Capital, accumulated losses, net-worth as on 31 March, 2015 are as under:-*

<i>(i) Paid up Capital</i>	<i>:</i>	<i>Rs.14,605.49 lakh</i>
<i>(ii) Accumulated Losses</i>	<i>:</i>	<i>Rs. 42,989.31 lakh (429.89 crore)</i>
<i>(iii) Net worth</i>	<i>:</i>	<i>Rs. (-) 29,162.64 lakh (291.62 crore).</i>

As on 31 March, 2016, the pending dues in respect of employees & other liabilities are as under:-

- |                             |                                  |
|-----------------------------|----------------------------------|
| (a) In respect of Employees | : Rs. 35397 Lakhs (353.97 crore) |
| (b) Other liabilities       | : Rs. 56569 Lakhs (565.69 crore) |

6. On a specific query by the Committee with regard to the revival package in respect of the Instrumentation Limited approved by the Government on 23 February, 2009, the Ministry, in its written reply, submitted:-

- (i) *Interest free mobilisation advance of Rs. 30 crore from the BHEL to the Instrumentation Limited, Kota (ILK), to be liquidated by the ILK in equal installments through the supplies to be made to the BHEL against their orders. This mobilisation advance was decided to be utilized by the ILK for its technological upgradation and diversification programme.*

*In first phase, Rs.3 crore was released by the BHEL on 28 June, 2010 as per schedule of the project, both for Palakkad and Kota. Further release of funds towards CAPEX is being made by the BHEL as per requirement. M/s. Instrumentation Limited received on demand a total of Rs.19.70 crore as interest free mobilization advance from the BHEL for its technological upgradation and diversification programme upto 31 March, 2016. An amount of Rs.13.55 crore has already liquidated by the IL through the supplies made to the BHEL against their orders. An amount of Rs.6.14 crore is pending as on 1 April, 2016 to be liquidated in the year 2016-17.*

- (ii) *Interest free advance of Rs.25 crore from the BHEL to the ILK at the beginning of each year for the next three years beginning from 2008-09. This advance was decided to be adjusted during the same year against the supplies to be made as per the BHEL orders. Interest Free Advance of Rs.25 crore each for consecutive 3 years, i.e., 2009-10, 2010-11 and 2011-12 has been provided by the BHEL which was also adjusted against bills raised in respective years.*
- (iii) *Continuance of existing Government Guarantee of Rs.25 crore along with exemption of guarantee fee from the date of approval of revival package for a period of five years or Joint Venture (JV) formation, whichever is earlier.*
- (iv) *Provision of Rs.10 crore as 3.5% redeemable preference shares, to be redeemed within 10 years, to be used for providing VRS to the employees. It was also decided that dividend of these preference shares would be converted to equity and the position will be reviewed after one year of implementation of*

*the package with reference to the success of the first tranche for considering subsequent tranches of funds. Fund of Rs.10 crore was released in two phases by the DHI in March, 2010 and October, 2010 which was fully utilized for VRS in the Company.*

- (v) Writing-off of the Government of India loan of Rs.246.10 crore as on 31 December, 2008. The loan of Rs.246.10 crore has been written-off in the financial year 2009-10 vide sanction letter dated 31 March, 2010.*
- (vi) Waiver of entire outstanding interest of Rs.258.26 crore as on 31 December, 2008 on account of the GOI plan and non-plan loans and freezing of interest thereon beyond 31 December, 2008.*
- (vii) Winding up of three Shell Companies, namely (i) The IL Power Electronics Limited (ILPEL), Jaipur; (ii) The Instrumentation Digital Control Limited, Kota(IDCL); and (iii) The Instrumentation Control Valves Limited, Palakkad (ICVL).*
- (viii) Implementation of the DPE's 1997 pay scale in the Company out of their own resources prospectively.*

7. The Committee further desired to know about the reasons for formulating and implementing the Modified Revival Scheme (MRS-10) with effect from 23 February, 2010 inspite of the fact that the revival package in respect of the Instrumentation Limited was already approved by the Government on 23 February, 2009. In this context, the Ministry, in its written reply, submitted:-

*"Instrumentation Limited is a BIFR referred Company. The Company was referred to the BIFR on 4 October 1993, under the Sick Industrial Companies Act (SICA), 1985 and was declared 'Sick' in January, 1994. The Modified Revival Scheme of the Company, duly recommended by BRPSE, in its meeting dated 26 May, 2006, was approved by CCEA on 23 February, 2009 and the same was sanctioned by the BIFR in its hearing held on 25 February, 2010 (MRS-10). Though Revival package was approved in February, 2009 by CCEA, the same was approved by the BIFR in February, 2010 and called as MRS-10. Lapse of one year was on account of approval by the BIFR."*

8. Upon this, the Committee specifically desired to know about the reasons due to which necessary approvals for the sale of IL assets at Jaipur was not given by the Board for Industrial and Financial Reconstruction (BIFR) even after 5 years of sanctioning of MRS-10

and 7 years of sanctioning of earlier revival package by the Government. The Ministry, in its written reply, submitted :-

*"The sale proceeds from the sale of IL's land at Jaipur were envisaged in year 2009-10. An amount of Rs.100 crore. was expected from the sale of IL land at Jaipur at market rate in the year 2009-10. However, when the matter was taken up with the State Government of Rajasthan, they had not agreed to allow the conversion of land of the Company at Jaipur without fee/conversion charges. The matter had been vigorously taken up with the Government of Rajasthan in line with the BIFR's directives and subsequently, a decision of the Government of Rajasthan vide their letter 19 March, 2013 was communicated to the BIFR. In the letter, the Government of Rajasthan had indicated their inability to comply with the BIFR directives. Based on the Government of Rajasthan letter dated 19 March, 2013, the Company filed MA-301 dated 30 May, 2013 with the BIFR seeking necessary directives for conversion of land of the Company at Jaipur from industrial to commercial use without fee/conversion charges at the earliest as 3 years had already elapsed since sanction of scheme.*

*MA-301 was heard in the BIFR on 10 June, 2013 and the BIFR vide their communication dated 20 June, 2013 categorically directed the Government of Rajasthan to grant relief as per the Sanctioned Scheme, and allow conversion of land located in Kota and Jaipur within a period of 60 days and submit the compliance report to the Board. However, in spite of repeated follow up at various levels in the Government of Rajasthan, and intervention of the DHI, the Government of Rajasthan did not grant permission for conversion of land. The approval for conversion of land use at Jaipur could not be granted by the Government of Rajasthan even after 4 years of the sanctioning of the scheme, which has delayed the generation of funds. Thereafter, the Company filed MA-431 with the BIFR and prayed for necessary directives to the Government of Rajasthan to allow conversion of land at Jaipur from Industrial use to Commercial use with fee/conversion charges to be paid from sale proceeds through an Asset Sale Committee. In a high level meeting on 4 April, 2014 held at the Secretariat, Jaipur, it was agreed that the Government of Rajasthan will give sale proceeds of the IL Jaipur land as soft Loan for 10 acre of land which had been given in exchange of land of the IL, Kota. For 0.59 acre of land, the IL will have ownership rights. Based on the above decision by the Government of Rajasthan, RIICO filed the Affidavit to the BIFR Bench on 16 April, 2014. In the BIFR hearing on 29 October, 2014, the BIFR directed and gave consent to start the sale process through Asset Sale Committee with the Joint Secretary, DHI as Chairman of the Committee. In the BIFR hearing of date 12 January, 2015, the DHI, sought further extension of six months to take up the activity, as they were in the process of deciding the future of the Company. Further meeting of the BIFR could not take place after July, 2015."*

9. The Committee thereafter, categorically wanted to know the year-wise details about all the statutory liabilities including Gratuity, in monetary terms, not complied with by each of the Units of the Instrumentation Limited for the last 10 Years. To this, the Ministry, in its written reply, submitted:-

*"M/s Instrumentation Limited has two Units viz., the IL Kota and the IL Palakkad. The statutory dues liabilities of the serving IL Kota employees are pending. No statutory liabilities are pending for the serving employees the IL Palakkad. The year-wise details of statutory dues pending in the IL Kota are as follows:-*

<b>Sl. No</b>	<b>Financial Year</b>	<b>PF along with Interest as on March 2016</b>	<b>Gratuity (in Rs.)</b>
1.	2010-11	Rs. 6,51,48,354	Nil
2.	2011-12	Rs. 40,84,95,405	Nil
3.	2012-13	Rs. 34,01,93,003	Nil
4.	2013-14	Rs. 28,54,22,900	Nil
5.	2014-15	Rs. 23,43,28,755	LIC managed corpus of Rs.58,26,00,000 (Rs. 58.25 crore) due from March, 2015.
6.	2015-16	Rs. 19,93,69,576	Renewal of LIC managed Corpus is due.
	<b>Total</b>	<b>Rs.153,26,57,993 or Rs. 153.26 crore</b>	<b>58,26,00,000 or Rs. 58.26 crore</b>

10. Thereafter, the Committee desired to know about the year-wise and the Unit-wise details regarding the statutory dues not paid to the employees of the Instrumentation Limited, who superannuated during the last 10 years. On this count, the Ministry, in its written reply, submitted:-

<b>S.No</b>	<b>Financial Year</b>	<b>IL-Kota Unit (Liabilities in Rs. with interest)</b>		<b>IL-Palakkad Unit (Liabilities in Rs. with interest)</b>	
		<b>PF</b>	<b>Gratuity</b>	<b>PF</b>	<b>Gratuity</b>
1	2010-11	3,14,65,078	Nil	Nil	Nil
2	2011-12	19,37,70,880	Nil	Nil	Nil
3	2012-13	15,26,44,075	Nil	Nil	Nil
4	2013-14	11,46,74,571	Nil	Nil	Nil
5	2014-15	7,10,13,526	1,37,64,541	Nil	67,472
6	2015-16	2,47,90,119	12,10,05,924	Nil	1,36,39,428
	<b>Total</b>	<b>58,83,58,249 or 58.83 crore</b>	<b>13,47,70,465 or 13.47 crore</b>	<b>Nil</b>	<b>1,37,06,900 or 1.37 crore</b>

11. The Committee further desired to know about the month-wise details of salary and other allowances paid along with the outstanding salary and allowances to the serving employees of

the Instrumentation Limited during the last three years. In this regard, the Ministry, in its written reply, submitted :-

<b>Sl. No</b>	<b>Month</b>	<b>Salary &amp; allowance paid (in Rs.)</b>	<b>Salary pending (in Rs.)</b>	<b>Other Allowances pending (in Rs.)</b>
1.	Past salary pending from July, 2010 to March, 2013	28,07,92,800/- or Rs. 28.07 crore	1,26,37,500/- or Rs. 1.26 crore	LTC 2012-13 Rs.42,33,187/- LTC 2014-15 Rs.42,88,844/- LTC 2015-16 Rs. 42,15,000/- Annual GAR Rs. 32,13,500/- EL Rs. 1,71,76,100/- Arrears of existing Employees - (1992-98) - Rs.6,07,65,137/- Arrears of ex-employees (1992-98) - Rs.17,77,11,524/- Amount of the existing employees pending - Rs.26,93,56,868/- or Rs.26.93 crore
2.	April, 2013	1,35,25,000/-	1,96,600/-	
3.	May, 2013	1,2048000/-	1,30,900/-	
4.	June, 2013	1,20,59400/-	1,09,300/-	
5.	July, 2013	12106200/-	73,900/-	
6.	August, 2013	12286300/-	56,600/-	
7.	September, 2013	12251400/-	19,300/-	
8.	October, 2013	13121300/-	1,06,600/-	
9.	November, 2013	12595000/-	80,000/-	
10.	December, 2013	12686300/-	2,85,600/-	
11.	January, 2013	13042800/-	2,80,600/-	
12.	February, 2013	12778000/-	75,100/-	
13.	March, 2013	13488600/-	6,73,800/-	
14.	April, 2014	14385200/-	41,100/-	
15.	May, 2014	13922900/-	2,90,300/-	
16.	June, 2014	13218000/-	2,04,700/-	
17.	July, 2014	7056900/-	6333300/-	
18.	August, 2014	6359500/-	74,06,300/-	
19.	September, 2014	6251000/-	75,02,200/-	
20.	October, 2014	6810300/-	83,81,700/-	
21.	November, 2014	6970600/-	70,36,500/-	
22.	December, 2014	7329900/-	71,49,200/-	
23.	January, 2015	5809500/-	89,18,800/-	
24.	February, 2015	5649700/-	80,74,500/-	
25.	March, 2015	8177400/-	73,54,800/-	
26.	April, 2015	7858500/-	7854900/-	
27.	May, 2015	8276200/-	6270400/-	
28.	June, 2015	8788000/-	8622100/-	
29.	July, 2015	8264400/-	6681600/-	
30.	August, 2015	9277100/-	8929700/-	
31.	September, 2015	8211100/-	6257700/-	
32.	October, 2015	8001200/-	6858100/-	
33.	November, 2015	8150000/-	6538100/-	
34.	December, 2015	7952200/-	5577500/-	
35.	January, 2016	7939700/-	57,60,000/-	
36.	February, 2016	7787000/-	5435600/-	
37.	March, 2016	NIL	1,7164900/-	
	<b>Total</b>	<b>63,82,32,500/- or Rs.63.82 crore</b>	<b>17,54,65,100/- or Rs.17.54 crore</b>	

12. Referring to the Instrumentation Limited letter dated 10 March, 2015 *inter-alia* requesting the Department of Heavy Industry for a support of Rs.285.35 crore towards payment of statutory dues, the Committee desired to know as to what concrete action has been taken by the Department and whether the Ministry of Finance, BIFR, etc., have been consulted to bail out the Instrumentation Limited from the perennial financial crisis. The Ministry, in its written reply, submitted:-

*"Due to non-receipt of timely support and funds as envisaged in the MRS, the statutory liability dues of the Company kept mounting every year and as on July, 2015, the PF liability is Rs.133.45 crore. The Company has not been able to make payment of PF to the retired employees from December, 2010 to June, 2015 which is approximately Rs.50 crore. The Company, on its own, is unable to clear the PF liability and is not in a position to deposit statutory dues in future and has requested for financial support from its administrative Ministry i.e., the Department of Heavy Industry. In this regard, vide letter dated 10 March, 2015, the Company has requested the Department of Heavy Industry for Rs.285.35 crore support for fulfilling the statutory liabilities.*

*A CCEA note to give salary support from 1 April, 2014 to 31 March, 2015 & old dues of Rs.73.41 crore was initiated. In the meantime, possibilities of the IL merger with the BHEL and possible takeover by respective State Government of Rajasthan and Kerala were also explored. The PMO vide their letter dated 14 December, 2015 returned the CCEA note seeking approval for salary support of Rs.73.41 crore to the Instrumentation Limited with a remark to DHI to submit the proposal of restructuring/closure of IL within next two months.*

*It was decided in DHI to approach the State Governments of Rajasthan and Kerala to take over the Kota and Palakkad units respectively. The State Government of Rajasthan have not shown any interest in taking over ILK, whereas, the State Government of Kerala has, in principle, agreed to take over IL Palakkad. DHI is making a concrete proposal to close the Instrumentation Limited, Kota and offer attractive VRS/VSS Scheme to the employees of the ILK, while for the Palakkad Unit, it is proposed to transfer the unit to the Kerala Government as they have given, in principle, approval to take over the Palakkad Unit, subject to assessment of assets & liabilities."*

13. On being enquired by the Committee about the year-wise turnover details of various items supplied by the Instrumentation Limited (Palakkad and Kota) to the BHEL during the last 10 years and whether the items supplied by the Instrumentation Limited were/are also

procured by the BHEL from any other private vendors(s), the Ministry, in its written reply, informed the Committee as under:-

Sl. No.	Financial Year	Item Supplied by Instrumentation Limited To BHEL		Total Turn over
		Control Valves & allied Products (Flow Element, Power Cylinder, Pressure reducing and Desuperheating Station)	Panels such as LIEs, LIRs, LGB, Junction Boxes	
1.	2006-07	2570	270	2840
2.	2007-08	2775	290	3065
3.	2008-09	4804	500	5304
4.	2009-10	5398	556	5954
5.	2010-11	5796	634	6430
6.	2011-12	7338	325	7663
7.	2012-13	6483	396	6879
8.	2013-14	4524	242	4766
9.	2014-15	2542	159	2701
10.	2015-16	2573	59	2632

*The Item Supplied by the IL was also procured by the BHEL from other Vendors. For Control Valves and allied products, other Competitors are M/s. MIL Controls Ltd, M/s. Samson Controls Pvt. Ltd., M/s. Dresser Valves India Pvt. Ltd., M/s. Flowserve India Pvt. Ltd., M/s. Controls Components India, M/s. KOSO Fluid Controls Pvt Ltd., M/s Emerson Process Management, M/s. Forbes Marshall Arca, M/s. Severn Glocon, M/s. L&T Valves, etc. The Instrumentation Limited Palakkad share is 65 % of the requirement while 35% of the BHEL requirement is grabbed by others private players.*

*For LIE, LIRs LGB Panels Instrumentation Limited share is only 4-5% of BHEL requirement. The other competitors are M/s Pyrotech, M/s Chemins & Controls, M/s. Sajas and M/s Procon."*

14. On being asked that in case, the product line, technology upgradation, etc., in the Instrumentation Limited (Palakkad and Kota) is undertaken by the Government under the 'Make in India' initiative, in that eventually, whether the merger of the Instrumentation Limited with BHEL can be done, the Ministry, in its written reply, submitted:-

*"The Ministry of Heavy Industry & Public Enterprises (Department of Heavy Industry) has also submitted before the Committee that a DO letter dated 29 April, 2015 was issued to the BHEL regarding the merger of the Instrumentation Limited, Palakkad (ILP) as also of the Instrumentation Limited, Kota (ILK) with the BHEL for comments on feasibility of the proposal. Reply from the BHEL has been received vide his letter dated 2 July, 2015, stating the following:-*



*No synergy practically exists between the ILK and the BHEL. For some of the products like control valves, etc., the ILP is one of the vendors of the BHEL. However, the product line of the ILP is quite old for which there is a need for technology upgradation and plug in best resources and capital in order to remain competitive. Therefore, merger of ILP with BHEL is not feasible.*

- (i) BHEL is a multi-product, multi-technology and multi-unit organization and with the merger of the BHPV (which had a good synergy with the BHEL), it is currently having 17 manufacturing units which are being managed in a highly volatile, uncertain, competitive and complex business scenario. Due to headwinds in its business, the BHEL itself is currently experiencing a negative growth and is anxiously waiting for the scenario to improve.*
- (ii) In the current business scenario, our enhanced manufacturing capacities of 20,000 MW of power equipment per annum are remaining unutilized and the Board had taken a decision to defer a number of on-going CAPEX schemes. The current focus and Endeavour remains in consolidating and strengthening the existing wide mix of Products and Systems.*

*Further, under the Chairmanship of Secretary, the DHI, a presentation and discussion for possible takeover of the IL Kota by the BHEL was held on 15 July, 2015. However, as in present conditions, the BHEL expressed its unwillingness to take over the Instrumentation Limited.*

*No specific study/assessment for fund requirement in order to modernize the IL has been undertaken, in view of accounting liabilities/losses of the Company. the BHEL itself is facing issues in its profit liability and is currently passing through critical financial phase."*

15. On being asked by the Committee as to whether a reference to the Government of Rajasthan for the takeover of 51% shares of the Government of India in the REIL by the RIICO was finally made, the Ministry in its written reply submitted:-

*"No, 51% shares of the Government of India through the Instrumentation Limited Kota was not taken by RIICO. CCEA has approved in February, 2016 for giving an independent status to M/s REIL, by taking 51% shares in book value consideration as of 31 March, 2016 and adjusting the Government of India loan of Rs.16.75 crore and accrued Interest of Rs.22.53 crore from the Instrumentation Limited. As per the IL*

*Board meeting dated 22 March, 2016, these shares will be transferred to the Government of India with the approval of the BIFR."*

16. In this context, the Committee enquired as to whether the contemplation of disinvestment or closure of the Instrumentation Limited is in sync with the 'Make in India' initiative of the Government of India including the encouragement of large scale private participation in various core manufacturing sectors, the Ministry, in its written reply, submitted:-

*"Proposal of closure of the Instrumentation Limited is as per policy of the Department to close a chronically loss making PSE in non-strategic Sector. The revival Plan of the Instrumentation Limited was approved by the BIFR in February, 2010. However, the same could only be implemented partially. The Company could not sustain the profitability and all the statutory and salary dues to the employees mounted up. At present Company is passing through severe financial crisis. The Company has taken number of new MOU's tie-up under Make In India, Skill India & Digital India initiatives. However, the DHI looking into the past performance and losses incurred by the Company had given an opportunity to the State Government of Rajasthan to take over the IL Kota on 'As is where is basis' and to the State Government of Kerala to take over the IL Palakkad. The State Government of Rajasthan has not agreed to take over the IL Kota; however the State Government of Kerala principally agreed to take over the IL Unit at Palakkad. With the refusal of the Government of Rajasthan to take over the IL Kota, only option left is closure of the IL Kota and to hand over the IL Palakkad to the State Government of Kerala."*

17. The Ministry further submitted:-

*"On the representation of Shri Ghanshyam Bairwa & others and with the involvement of all the citizens of Kota to 'Save IL', Shri Om Birla, MP, Lok Sabha vide DO letter dated 16 March, 2016 to the Principal Secretary, PMO requested that M/s Instrumentation limited should not be closed and appropriate support should be rendered to run the unit. Hon'ble MP, Shri Om Birla further suggested that:-*

- (i) To immediately support Rs.350 crore as Bridge loan to the Company for running its operations.*
- (ii) The proposal for Salary support of Rs.73.41 crore for the period from 1 April, 2014 to 31 March, 2015 and old dues pending with the Government should be cleared immediately. This amount to be adjusted from the Bridge loan to be provided to the Company.*

- (iii) *M/s Instrumentation Limited, Kota be allowed to sale its excess land, so that the amount received will be used towards repayment of Bridge loan.*
- (iv) *An expert to be appointed for revival of the Company, M/s. Instrumentation Limited.*
- (v) *Orders on nomination basis be provided to M/s Instrumentation Limited, Kota from other Government Organizations like Railways/Defence/ Telecom."*

18. In the matter, the Committee, thereafter, took oral evidence of the representatives of the Ministry of Heavy Industries & Public Enterprises on 2 July, 2016.

19. During the evidence, the Committee desired to know the reasons for the Instrumentation Ltd., becoming a loss making Company and referred to the Board for Industrial and Finance Reconstruction (BIFR) in 1993. The representatives from the Ministry of Heavy Industries & Public Enterprises deposed before the Committee as follows:-

*"The two Units of the Instrumentation Limited situated at Kota and Palakkad were doing brisk business till early 1990, i.e., during the pre-liberalisation period. However, after liberalisation of the Economy, the Collaborators of the Instrumentation Limited, Kota became their Competitors. Subsequently, due to inability of the Instrumentation Limited, Kota to meet the demands of their vendors, the Kota Unit started showing losses and ultimately declared as a sick Unit and as such referred to the BIFR. Despite revival packages formulated and implemented in the year(s) 1999 and 2010, the Kota Unit failed to revive and now, it is on the verge of closure. However, on the other hand, the Palakkad Unit of the Instrumentation Limited is self-reliant and financially viable."*

20. The Committee then specifically desired to know about the impact of two revival packages given by the Government. The Chairman & Managing Director, IL, Kota deposed before the Committee, as under:-

*"If the revival packages are utilized for giving salaries and for meeting the day-to-day expenses, it would be difficult for the Kota Unit to revive. As a matter of fact, the Kota Unit has the expertise of manufacturing wide range of products, viz., Switch Board Cabinet Panels for the Railways, Local Instrument Enclosures, Local Instrument Rack Panels, Complete Control systems for Thermal Power Plants, UPS systems, precision components for Indian Defence, Liquid and Gas Analyzers systems, etc., and there is still a huge demand of these products, especially from the Government of Uttar*

*Pradesh and the Rajasthan Power Corporation Limited. The CMD of the Instrumentation Limited, Kota further submitted that with a view to executing the orders given by various Vendors, in case, a capital to the tune of Rs.100 crore is infused by the Government, the money could be utilized for strengthening the manufacturing process of the Unit. This way, there is a possibility for revival of the Unit, though at a slow pace."*

The witness further submitted as under :-

*"The CMD of the Unit may also be considered for giving a fixed term so as to enable the incumbent to formulate and implement various policies which are financially viable for the Unit."*

21. The Committee, thereafter, wanted to know the total liabilities to be paid to the employees, retired employees, arrears of pension to be paid to retired employees and other statutory liabilities. The representatives from the Ministry submitted:-

*"The total salary dues and statutory liabilities is around Rs.270 crore."*

22. The Committee while referring to the point, raised by the representationists in their Representations about good quality of technology and infrastructure in the Company and desired to know about the specific reasons for the incurring losses. The Chairman & Managing Director, IL, Kota submitted:-

*"In 1991, we were the leaders because we were getting the technology from outside. The outside multinationals were not allowed to come inside. I have done an analysis. This Company should have gone in for the manufacturing capability which Palakkad has today. The IL, Kota somehow had no vision at that time when it was doing very well. The visionary leaders when the Company is doing well, they plan for the future. What happened in this Company is that, when this Company was at its peak, they were not looking at the future, they were looking at their present. Manufacturing capability was the need of the hour. Technology in C & I, it keeps changing like any other IT Technology and we missed out there. Even though orders are there, we are not able to execute because I am not able to pay salaries for the last five years. Even for me, I am able to pay Rs.10,000 as advance. That is all. I was drawing Rs. 1.6 lakh in the Hindustan Petroleum where I was working. But, I have not come for money. I have come to make a difference. Nobody is getting salary. It is because statutory dues have gone up, like the Rs.150 crore Provident Fund statutory dues from 2010 onwards. MRS package did not have the cash infusion for working capital. I have told the ex-Secretary in August last, give us Rs.50 crore or Rs.100 and give me one year,*

*we will revive this Company. But we were told that it is not possible. There is no money for paying salaries. Do not come to us for money and salaries. If you cannot survive, we have no other choice but to recommend closure. In fact, a good CMD will revive the Company. A better CMD will recommend closure. This is what I have learnt. We cannot live in this struggle. Every day is a struggle. Provident Fund authorities attached our accounts in my tenure four times."*

## OBSERVATIONS/RECOMMENDATIONS

### Revival/ restructuring of the Instrumentation Limited, Kota

23. The Committee note that Instrumentation Limited (IL) was set up in the year 1964 for the manufacturing of Process Control Instrumentation. The Company has been providing a wide range of Control & Instrumentation Systems. The present production range of the Company comprises of Switch Board Cabinet (SBC) Panels for Railways, Local Instrument Enclosure (LIE), Local Instrument Rack (LIR) Panels, Complete Control Systems for Thermal Power Plants, UPS systems, Precision Components for the Indian Defence, Liquid and Gas Analyzers Systems, High Performance Electronic Transmitters, Desk/Panel mounted Recorders and Controllers and other hardware Panels, Instrument Cabinet and Racks, Max-L/Max-XL Exchanges, Control Valves, Actuators, etc.

24. The Committee also note that IL has its Registered Office and Headquarters at Kota (Rajasthan). Its manufacturing Plants are located in Kota for DDC, Electronics Instruments and Telecom products and at Palakkad (Kerala) for Control Valves, Actuators, etc. Both the manufacturing Plants are accredited with ISO 9001:2008 Series Certification.

25. The Committee further note that both the Units of IL situated at Kota and Palakkad were doing brisk business till early, 1990, i.e., during the pre-liberalisation period. However, after liberalisation of the Economy, the Collaborators of IL, Kota became their Competitors. Subsequently, due to inability of IL, Kota to meet the demands of their Vendors, the Unit started showing losses and on 4.10.1993, it was referred to the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies Act (SICA), 1985 and subsequently, it was declared as a 'Sick' Unit in January, 1994. Despite revival packages, the Kota Unit failed to revive and now,

it is on the verge of closure. On the other hand, the Palakkad Unit of IL is self-reliant and financially viable.

26. The Committee have been given to understand that IL has entered into a number of new Memorandum of Understandings (MoUs) tie-up under Make in India, Skill India and Digital India initiatives. However, the Department of Heavy Industry, looking into the past performance and losses incurred by the Company, had given an opportunity to the State Government of Rajasthan to take over IL, Kota and to the State Government of Kerala to take over IL, Palakkad. The State Government of Rajasthan has not agreed to take over IL, Kota, whereas, the State Government of Kerala agreed to take over IL, Palakkad - subject to assessment of assets and liabilities.

27. The Committee have also been apprised by the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) that on 10.3.2015, IL has requested the Ministry for giving a financial support to the tune of Rs. 285.35 crore for fulfilling various statutory liabilities. A CCEA note to give salary support from 1.4.2014 to 31.3.2015 was, accordingly, initiated. The PMO *vide* their letter dated 14.12.2015 returned the CCEA note seeking approval for salary support to IL with a remark to the Department of Heavy Industry to submit proposal for restructuring/closure of IL, within the next two months.

28. While examining the instant Representation forwarded by Shri Om Birla, M.P., the Committee painstakingly went through the extensive deliberations they had with the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry). The Committee are also aware of the fact that when any Public Sector Enterprise does not show any symptom of revival, the only option left with the Government is either to close down the said entity or alternately, go in for painstaking circuitous path of restructuring. In the case of IL, Kota, how far the revival prescriptions were formulated

and thereafter implemented by the Government would be eloquently elaborated in the succeeding observations/recommendations. Nevertheless, in this context, the Committee would like to categorically point out that the advice of PMO to the Department of Heavy Industry was not confined to submission of proposal for 'closure' of IL but for 'restructuring/closure' of IL.

29. Further in the matter, the Committee cannot restrict themselves to put in instance the success story of revival of the Gujarat State Fertilizers & Chemicals (GSFC) Limited, available on their website, which goes as follows:-

*"It is rightly said that you need to take one step backwards if you want to stride forward and this adage equally applied to GSFC and the phase between 1999-2002 was a phase of one step backwards which in fact facilitated endless strides forward. GSFC never ever then looked back. The period between 1999 to 2001 was a phase where it was veering on the brink of a cash crunch. This phase of GSFC was attributed to many reasons. To name a few are increased energy costs, technical hiccups and delayed commissioning of new Ammonia plant after a gestation period of eight years and resultant increased project cost, excess outflow of interest, etc. This new Ammonia plant continued with technical snags which could stabilize only by end of 2003. The liquidity problems further compounded due to expansion of DAP capacity at Sikka (1999-2003) which required infusion of Rs. 180 crore. The Government of India also recovered subsidy amounting to Rs. 375 crore. The drought during this period further depressed prices and demand for all products. There was also a shortage of gas that resulted into use of costly LSHS and Naphtha. The margins in Melamine and Caprolactam, GSFC's blue chip products, were low in this period due to depressed industrial demand internationally.*

*The turnaround story of the Company began from FY 2003-2004. Under able leadership and timely intervention of Hon. Chief Minister Shri Narendra Modi in taking certain bold policy decisions, the Company could work on the strategies to enhance its productivity, bring down costs through technical innovations and improved management information systems. The revival measures were fully supported by the Government of Gujarat and the Company was given complete autonomy to roll back to the track. Finally the major factors that brought the Company out of red were improvement in the Operational Efficiency, Reducing cost of Sales, Regenerating confidence in Suppliers & Customers, Moral*



*boosting of employees, strategizing foray in the global market, consolidating through further Expansions, focusing on ideal product mix to insulate performance from downtrends, etc.*

*The Government of Gujarat provided the proactive support to GSFC, which brought out a scheme of deferred sales tax of an amount up to Rs. 45 Crores per year for five years, thus improving the Company's cash flow position. Another important breakthrough was the increased availability of natural gas in Gujarat, from GAIL, GSPC and Gujarat Gas, which substituted costly Naphtha and LSHS.*

*All these measures finally resulted into GSFC becoming a financially strong, profitable and stable Company. Coming out of Corporate Debt Restructuring (CDR), GSFC approached the CDR Cell, this time to accelerate the debt repayment. The debt, which was scheduled to be completely paid by 2013, was re-paid in 2006.*

30. The aforementioned success story of revival of the Gujarat State Fertilizers & Chemicals involves the following notable and path breaking decisions taken by the then Government of Gujarat:-

- Working out strategies to enhance the production of GSFC.
- Improving upon the management information systems.
- Giving complete autonomy to the Company.
- Improvement in the Operational Efficiency, reducing cost of sales, regenerating confidence in the suppliers and customers.
- Moral boosting of the employees of GSFC.
- Strategizing foray in the global market and consolidating through further expansions.
- Focusing on ideal product mix to insulate performance.

31. Juxtaposition of the steps taken by the, then, Government of Gujarat in reviving the GSFC with the efforts made by the Government of India in the form of introducing various stimulus packages, infusion of funds, convergence with other financially viable Public Sector Undertaking(s), etc., for reviving the Instrumentation Limited, Kota, the Committee are of the opinion that merely introduction of rehabilitation scheme or package of concessions would not assure successful revival of a sick unit like the

Instrumentation Limited, Kota until and unless some effective out of the box options are explored. While going into the minute details of the success story of the GSFC, which is, perhaps, based on five broad strategies, namely; (i) Human Resource; (ii) Financial; (iii) Marketing; (iv) Production/Operation; and (v) Corporate Planning, the Committee are of the considered opinion that a well-calibrated restructuring mechanism for the revival of the Instrumentation Limited needs be put in place by the Union Government in the right earnest.

32. Since the incidence of industrial sickness is growing in the country during the last decade, not only causing a drain on the exchequer but, as seen in this case also, giving rise to a question of subsistence for the employees and their family members, the Committee, therefore, strongly recommend that the Union Government should make efforts to replicate the success story of the GSFC in the case of Instrumentation Limited also. For this purpose, the Committee feel that an Expert Committee should be constituted to undertake a comprehensive study for the revival/restructuring of the Instrumentation Limited, Kota. If need be, the said Expert Group should also interact with the officials concerned of the Government of Gujarat for obtaining a first-hand and factual account of the various initiatives taken by them that contributed in reviving their State Public Sector Undertaking under the steward leadership of our present Hon'ble Prime Minister. The Committee would like the Union Government to take the necessary action on these lines and apprise the Committee accordingly within three months of presentation of this Report to the House and for this purpose, if necessary, the matter should be taken up at the highest possible level.

#### Fulfilling of working capital requirements of the Instrumentation Limited, Kota

33. The Committee have observed that the following initiatives, in consultation with the various stakeholders, were taken by the Ministry of Heavy Industries & Public

Enterprise (Department of Heavy Industry), from time-to-time, for the revival/restructuring of the IL, Kota:-

- (i) In the Board for Industrial and Financial Reconstruction (BIFR) sanctioned Modified Revival Scheme (MRS 10) implemented from 23 February, 2010, fund generation was provided through the sale of surplus assets available at Jaipur, i.e., Malviya Nagar and Sitapura lands of approx. 12.99 acres. However, even after five years from the sanctioning of MRS 10, the sale of IL assets at Jaipur has not been materialised due to non-receipt of necessary approvals from the BIFR.**
- (ii) The BIFR, in its hearing dated, 29 October, 2014 had directed the Company to submit a "Credit Worthy Revival Plan", which was submitted by the Company on 5 January, 2015. The Revival Plan proposes the following funds for clearing dues and meeting the working capital requirements:-**

  - (a) One time support of Rs.300 crore;**
  - (b) Receipt of approximately Rs.300 crore from DHI through divesting 51% equity share in REIL; and**
  - (c) Receipt of approximately Rs.109 crore as sale proceeds from the sale of surplus Jaipur land.**
- (iii) The Instrumentation Limited received, on demand, a total of Rs.19.70 crore as interest free mobilization advance from the BHEL for its technological upgradation and diversification programme upto 31 March, 2016. An amount of Rs.13.55 crore has already liquidated by the IL through the supplies made to the BHEL against their orders. An amount of Rs.6.14 crore is pending as on 1 April, 2016 to be liquidated in the year 2016-17.**
- (iv) Interest free advance of Rs.25 crore from the BHEL to the ILK at the beginning of each year for the next three years beginning from 2008-09. This advance was decided to be adjusted during the same year against the supplies to be made as per the BHEL orders. Interest Free Advance of Rs.25 crore each for consecutive 3 years, i.e., 2009-10, 2010-11 and 2011-12 has been provided by the BHEL which was also adjusted against bills raised in respective years.**

- (v) **Continuance of existing Government Guarantee of Rs.25 crore along with exemption of guarantee fee from the date of approval of revival package for a period of five years or Joint Venture (JV) formation, whichever is earlier.**
- (vi) **Writing-off of the Government of India loan of Rs.246.10 crore as on 31 December, 2008. The loan of Rs.246.10 crore has been written-off in the financial year 2009-10 vide sanction letter dated 31 March, 2010.**
- (vii) **Waiver of entire outstanding interest of Rs.258.26 crore as on 31 December, 2008 on account of the GOI plan and non-plan loans and freezing of interest thereon beyond 31 December, 2008.**
- (viii) **Winding up of three Shell Companies, namely (i) The IL Power Electronics Limited (ILPEL), Jaipur; (ii) The Instrumentation Digital Control Limited, Kota(IDCL); and (iii) The Instrumentation Control Valves Limited, Palakkad (ICVL).**
- (ix) **The sale proceeds from the sale of IL's land at Jaipur were envisaged in year 2009-10. An amount of Rs.100 crore. was expected from the sale of IL land at Jaipur at market rate in the year 2009-10. However, when the matter was taken up with the State Government of Rajasthan, they had not agreed to allow the conversion of land of the Company at Jaipur without fee/conversion charges. The matter had been vigorously taken up with the Government of Rajasthan in line with the BIFR's directives and subsequently, a decision of the Government of Rajasthan vide their letter 19 March, 2013 was communicated to the BIFR. In the letter, the Government of Rajasthan had indicated their inability to comply with the BIFR directives.**
- (x) **Based on the Government of Rajasthan letter dated 19 March, 2013, the Company filed MA-301 dated 30 May, 2013 with the BIFR seeking necessary directives for conversion of land of the Company at Jaipur from industrial to commercial use without fee/conversion charges at the earliest as 3 years had already elapsed since sanction of scheme.**
- (xi) **MA-301 was heard in the BIFR on 10 June, 2013 and the BIFR vide their communication dated 20 June, 2013 categorically directed the Government of Rajasthan to grant relief as per the Sanctioned Scheme, and allow conversion of land located in Kota and Jaipur within a period of**

**60 days and submit the compliance report to the Board. However, in spite of repeated follow up at various levels in the Government of Rajasthan, and intervention of the DHI, the Government of Rajasthan did not grant permission for conversion of land. The approval for conversion of land use at Jaipur could not be granted by the Government of Rajasthan even after 4 years of the sanctioning of the scheme, which has delayed the generation of funds.**

- (xii) Thereafter, the Company filed MA-431 with the BIFR and prayed for necessary directives to the Government of Rajasthan to allow conversion of land at Jaipur from Industrial use to Commercial use with fee/conversion charges to be paid from sale proceeds through an Asset Sale Committee.**
- (xiii) In a high level meeting on 4 April, 2014 held at the Secretariat, Jaipur, it was agreed that the Government of Rajasthan will give sale proceeds of the IL Jaipur land as soft Loan for 10 acre of land which had been given in exchange of land of the IL, Kota. For 0.59 acre of land, the IL will have ownership rights. Based on the above decision by the Government of Rajasthan, RIICO filed the Affidavit to the BIFR Bench on 16 April, 2014. In the BIFR hearing on 29 October, 2014, the BIFR directed and gave consent to start the sale process through Asset Sale Committee with the Joint Secretary, DHI as Chairman of the Committee.**
- (xiv) In the BIFR hearing of date 12 January, 2015, the DHI, sought further extension of six months to take up the activity, as they were in the process of deciding the future of the Company. Further meeting of the BIFR could not take place after July, 2015.**

**34. A careful scrutiny of the working capital requirements of the Instrumentation Limited, Kota brings out the fact that the though the attempts to revive the Company had started from the year, 2010 onwards, the various formulations made by the Government in this direction have miserably failed to achieve the desired results. Furthermore, the Committee are pained to note that the three pronged strategy, viz., (i) extending of one-time financial support to the IL, Kota; (ii) release of approximately Rs. 300 crore by the Department of Heavy Industry by way of divesting 51% equity share in the REIL; and (iii) release of approximately Rs. 109 crore as sale proceeds from the**

surplus Jaipur land, which was conceived and put into action by the Government remain still inconclusive and are mired in technical intricacies. The Committee, therefore, strongly recommend that a very serious appraisal needs to be adopted by the Ministry, by co-opting all the stakeholders, including the State Government of Rajasthan for meeting the one-time working capital requirements of the Instrumentation Limited, Kota. The Committee hope that the Ministry would now re-draw its strategy of chalking out a time-bound 'activity map' for accomplishing the objective of reviving the Instrumentation Limited, Kota before the end of this fiscal year. The Committee would like to be apprised of the outcome of renewed strategy worked out by the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) for the purpose.

**Statutory liabilities and release of dues to the employees/retired employees of the Instrumentation Limited, Kota**

35. The Committee note that, as on 1 April, 2016, the total number of employees working at various Units of the Instrumentation Limited is 849. [Kota Complex - 546 (Officers - 158, Supervisors - 284 & Workers - 104) and Palakkad Unit - 303 (Officers - 35, Supervisors - 124 & Workers - 144)] and a total of 157 employees will be retiring in the financial year 2015-16. The Committee also note the Company has not been able to make payment of PF to the retired employees from December 2010 to June 2015, which is approximately Rs.50 crore. The Company, on its own, is unable to clear the PF liability and also not in position to deposit statutory dues in future also without outside support. The Committee has also been informed by the Ministry that as on 31 March, 2016, the pending dues in respect of employees are Rs. 353.97 crore and other liabilities are to the tune of Rs. 565.69 crore.

36. The Committee are also given to understand that with a view to reviving/restructuring the Instrumentation Limited, Kota, a Modified Revival Scheme

(MRS 10) was approved by the CCEA on 23 February, 2009 and the MRS 10 was sanctioned by the BIFR on 25 February, 2010. The MRS-10 specifies implementation of 1997 pay revision with effect from 1 January, 1997. The Company had also fixed notional pay scale of all employees from 1 January, 1997, which is effective from 23 March, 2009 as per the decision of CCEA. However, in the proposal, there was no mention of paying the wage arrears from January, 1997 - February, 2009 submitted by Union representatives to the BIFR at that time and accordingly, no provision made for the payment of this pay revision arrears in the BIFR sanctioned MRS-10. Hence considering this position, the payment of wage revision arrears for the period January, 1997 to February, 2009 is not applicable as per the CCEA approval dated 13 February, 2009 included in the MRS-10.

37. The Committee are totally dissatisfied by the efforts made so far by the Ministry of Heavy Industries & Public Enterprise (Department of Heavy Industry) and various other stakeholders in view of the fact that on the one hand, the accumulated dues pending for settlement in the Instrumentation Limited has now reached to a whopping Rs. 919.66 crore and on the other, the serving employees are not getting their salaries and allowances. It is also a sorry state of affairs that a Company is even not able to fulfill its statutory obligations like depositing the employers' share in the Provident Fund - which make it a case in instance of a gross violation of rules and regulations in this regard on the part of the Instrumentation Limited. The Committee are, therefore, of the considered view that formulation of any Modified Revival Scheme would have a limited impact in containing the perennial financial crisis of the Instrumentation Limited unless a multi-layered mechanism *inter alia* containing workable strategy of human Resource, finance, finding synergies in marketing, and production/operation is put in place. Simultaneously. The Committee, therefore, again strongly recommend that the Government should re-draw their priorities vis-a-vis revival of the Instrumentation Limited, Kota, whereby, the settlement of dues of serving/retired

employees as well as compliance of statutory obligations are given the foremost priority. The Committee would like to be apprised of the action taken by the Government in the matter.

**NEW DELHI;**  
**29 November, 2016**  
**8 Agrahayana, 1938 (Saka)**

**BHAGAT SINGH KOSHYARI**  
**Chairperson,**  
**Committee on Petitions**