COMMITTEE ON PETITIONS

(THIRTEENTH LOK SABHA)

THIRTIETH REPORT

(Presented to Lok Sabha on 22.7.2003)

LOK SABHA SECRETARIAT NEW DELHI

July, 2003/Vaisakha, 1925 (Saka)

CONTENTS

Composition of the Committee on Petitions

I. INTRODUCTION

II. **REPORT**:

- (i) Petition (No.23) requesting for setting up a CGHS Dispensary in Vasundhara Colony, Ghaziabad, Uttar Pradesh.
- (ii) Representation regarding the future of Burnpur Unit of Burnpur Standard Company Ltd.
- (iii) Representation regarding non-implementation of wages and allowances as per agreement dated 20th October, 2001 by the Management of Bharat Heavy Plates and Vessels Limited (BHPV).

III. MINUTES

- (i) Minutes of the sitting of the Committee held on 16.6.2003.
- (ii) Minutes of the sitting of the Committee held on 14.7.2003.

COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Basudeb Acharia

Chairman -

Members

- 2. Shri S. Bangarappa
- Shri Ambati Brahmaniah 3.
- 4. Shri Ram Rati Bind
- 5. Shri Bikram Keshari Deo
- Shri Anant Gudhe 6.
- 7. Shri Babubhai K. Katara
- 8. Shri P.R. Khunte
- 9. Shri P.R. Kyndiah
- Shri G. Mallikarajunappa 10.
- 11. Shri Sis Ram Ola
- 12. Shri Shriniwas Patil
- Shri Sunder Lal Patwa 13.
- 14. Dr. Bikram Sarkar
- Shri C. Sreenivasan 15.

SECRETARIAT

- 1. Shri John Joseph
- 2. Shri R.C. Ahuja
- 3. Shri Brahm Dutt
- Smt. Neera Singh 4.
- Shri M.S. Jaspal 5.
- Additional Secretary -
- Joint Secretary -
- **Deputy Secretary** -
- Under Secretary _
- **Committee Officer** _

THIRTIETH REPORT OF THE COMMITTEE ON PETITIONS

(THIRTEENTH LOK SABHA)

INTRODUCTION

I, the Chairman, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Thirtieth Report of the Committee to the House on the following matters:

- (i) Petition (No.23) requesting for setting up a CGHS Dispensary in Vasundhara Colony, Ghaziabad, Uttar Pradesh.
- (ii) Representation regarding the future of Burnpur Unit of Burnpur Standard Company Ltd.
- (iii) Representation regarding non-implementation of wages and allowances as per agreement dated 20th October, 2001 by the Management of Bharat Heavy Plates and Vessels Limited (BHPV).

2. The Committee considered and adopted the draft Thirtieth Report at their sitting held on 14^{th} July, 2003.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

<u>14th July, 2003.</u> 23 Asadha, 1925(Saka) BASUDEB ACHARIA Chairman, Committee on Petitions.

CHAPTER - I

PETITION NO. 23 REQUESTING FOR SETTING UP A CGHS DISPENSARY IN VASUNDHARA COLONY, GHAZIABAD, UTTAR PRADESH.

1.1 On 16th December, 2002, Dr. Ramesh Chand Tomar, MP presented a petition to Lok Sabha signed by Shri C.S. Chaturvedi, General Secretary, Vasundhara Residents Welfare Association (Regd.), Vasundhara, Uttar Pradesh.

- 1.2 In the petition, the petitioner submitted the following points:-
 - Vasundhara Awas Yojana is an ambitious housing scheme run by (i) Uttar Pradesh Awas and Vikas Parisad, Uttar Pradesh Government. It has 19 sectors having nearly 50,000 population. Out of 50,000 people residing in this colony, there are at least 1000 persons, who are serving/non-serving Central Government employees. The colony was settled in 1990. However, this colony has not been provided with the facility of C.G.H.S. dispensary. As a result thereof, the Central Government officials residing in this colony are facing a lot of a difficulties in getting medical treatment. They have either to take medicines prescribed by Private Medical Practitioners or they are taking medicines from the Delhi CGHS Dispensaries. The Central Government officials, who have already retired from Government service are particularly facing great difficulties in getting medical treatment. They are paying huge amounts of money to private doctors/nursing homes from their pensions. The doctors are mostly not qualified professionally;
 - (ii) The Vasundhara Colony is located on the main road-side connecting Delhi and Ghaziabad city. On one side of the road, there are industries and on the other side there is the residential area comprising of various residential schemes like Vasundhara, Vaishali, Kaushambi, Indira Puram, etc., but there is not even one CGHS Dispensary for these colonies to provide medical facilities to the Central Government employees settled in these colonies; and
 - (iii) In so far as the land or building is concerned for the CGHS Dispensary, they shall impress upon the Uttar Pradesh Housing Development Board to provide the same for the purpose of the CGHS Dispensary. However, before the UP Housing Development

Board is approached for making the provision of Dispensary land building, the Ministry of Health and Family Welfare might be directed to decide principally to open a dispensary at Vasundhara Government colony.

1.3 The petitioner, therefore, requested the Committee on Petitions to take up the matter with the Ministry of Health and Family Welfare to open a CGHS Dispensary in Vasundhara Colony, Ghaziabad (UP).

1.4 The petition was referred to the Ministry of Health and Family Welfare on 18th December, 2002 for furnishing their comments on the points raised therein. In response, Office of the Additional Director (CGHS) <u>vide</u> their communication dated 11th March, 2003 submitted as follows:

"At present there is no proposal for opening of a CGHS dispensary at Vasundhara Enclave. As per the norms fixed by SIU in 1997 the concentration of minimum 2000 employees are required for considering the opening of a separate dispensary in a particular area, as such the employees numbering 1000 residing in Vasundhara Enclave do not provide justification for opening of a CGHS dispensary in the said colony.

At present there is only one CGHS dispensary functioning in Ghaziabad which is located at a distance of about 12-15 Kms. from Vasundhara Enclave as such there is no possibility of attaching the said area with any of the existing CGHS dispensary.

Further, it is pointed out that there is a proposal included in the 10th Five Year Plan, 2002-2007 for opening of CGHS dispensary in Sahibabad. There is also a plot of land acquired in Kamala Nehru Nagar in Ghaziabad. Action for construction of the building is under active process. But this may not solve the problems of Vasundhara Enclave Central Government employees.

The only alternative is that the Serving Central Government Employees, residing in Vasundhara Enclave can be governed under CS(MA) rules by their department for medical benefit. The Central Government pensioners eligible for availing the CGHS medical facility have the option to get their treatment from any dispensary where CGHS is functioning subject to the condition that they will not be entitled for domiciliary visit if they are residing in an area beyond 3 Kms of the dispensary."

1.5 The Committee on Petitions took evidence of the representatives of the Ministry of Health and Family Welfare on 16th June, 2003. The Committee

wanted to know about the demand of the petitioner and action taken thereon. The representatives of the Ministry replied as under:-

"We had received a direct request in 1997 from the Welfare Association. As is the practice, we had circulated a questionnaire to them way back at that time to which we did not get any reply. Thereafter we got this communication from this hon. Committee. We have certain norms which have been fixed by the Staff Inspection Unit, which comes under the Ministry of Finance regarding the admissibility of opening up of new dispensary.

They have laid down the norms and criteria for staffing, for setting up of a dispensary and how many people should be there. The general criteria are laid down. We are bound by those norms. At the moment, the norm is that there should, at least, be 2,000 cardholders before a place becomes eligible for having a CGHS dispensary. As will be seen from the application itself, there are about 1,000 such beneficiaries in that area. But our norm is for 2,000. Only because of this, there is a problem. At the moment, we are not able to consider it because it does not fit into our norm."

1.6 On being asked by the Committee as to how had the Ministry verified that there were 1000 cardholders, the witness stated that it had been mentioned in the petition itself.

1.7 Asked whether the Ministry was following the norm of 2000 cardholders or there were any exceptions, the witness replied:-

"Not to our knowledge. However, in the instant case, there are area officers appointed by the Department of Personnel and Training where there are CGHS conglomerations and the beneficiaries are residing. These officers have been appointed by the DOPT for generally coordinating, collecting information and so on and so forth. So, in the instant case, we have now written a letter to the area officer of Vasundhara colony asking him to check up and tell us how many cardholders are residing in that colony. As and when we get a reply from him, and in case the reply is that there are perhaps so many qualify for setting up of a dispensary, we will examine it further and try to take it to a logical conclusion."

1.8 In reply to a query about the nearest CGHS dispensary to Vasundhara Colony, a representative of the Ministry stated:-

"In Ghaziabad, there is a dispensary but the distance is 11 kms. It is not a very convenient distance from Ghaziabad. But the instructions are that in case there is a serving employee who cannot be covered by any CGHS dispensary, then he will be covered under CS(MA) Rules.

So, serving employees, of course, do not have much of a problem because they are covered under CSMA rules. We have provided hospitals also under this. But so far as pensioners are concerned, they are not covered under this. So, we have a scheme where we give them Rs.100 per month. They can get themselves registered at the nearest CGHS dispensary for their treatment."

1.9 The Committee further wanted to know whether the Ministry or CGHS had conducted any survey to determine the number of card holders in Vasundhara Colony and in adjacent colonies. The representative of the Ministry replied that CGHS does not conduct the survey. This work is done by the Area Welfare Officer.

1.10 Asked about the action taken on the petitioner's request in 1997, the representative of the Ministry replied:

"In 1998 when the first petition had come from Vasundhara residents, at that time itself, the report was sought from the officer. A questionnaire was also sent to the residents but unfortunately there was no reply to that. When the matter was taken up by this hon. Committee, after that we have again written to them. But since the petition itself states that there are at least 1000 employees, perhaps it does not fulfill the norms. But nevertheless, we have asked our Area Welfare Officer again to give a report to us."

1.11 When asked whether in 1998 also a reference was made to the Area Welfare Officer for survey, the witness replied:-

"When the letter was addressed to him, the presumption is that there was an Area Officer. I would not know but if the letter was written to an Area Officer, it is presumed that he must be there."

1.12 In a written note furnished by the Ministry to the Committee it has been explained that in February, 1998 additional information was sought from the Resident's Welfare Association but no reply was received from them. Asked whether the Ministry has any coordination with U.P. Government to provide good medical facilities in the area, the Ministry replied in negative.

1.13 Asked about the procedure for according approval for settling up a new dispensary, the witness replied:-

"Actually, before it is sanctioned it has to go to the Standing Finance Committee. Normally, it is headed by Secretary, Health but other members are from Planning Commission and Finance Ministry. The Finance Ministry has given detailed guidelines based on SIU report." 1.14 The Committee further wanted to know whether the dispensary located at Ghaziabad at a distance of about 10-12 kms. from Vasundhara Colony could be convenient to the cardholders. The Ministry replied in a note:-

"The dispensary at Ghaziabad may not be convenient and approachable for the ill or aged persons living in Vasundhara Colony, Ghaziabad. The CGHS, however, has manpower and resource constraints over and above the fact that the number of would be cardholders in the area do not fulfill the SIU norms."

1.15 Asked about the latest position regarding setting up a dispensary at Sahibabad, the Ministry replied in a note:-

"The approximate distance between Vasundhara Enclave and Sahibabad is between 5 to 6 kms. which will be more convenient for the residents of Vasundhara Enclave than that of Ghaziabad as and when the dispensary is opened. The proposal for opening of a dispensary at Sahibabad has been included in the Tenth Five Year Plan since it fulfils the SIU norm of having at least 2000 would be cardholders."

1.16 On being further pointed out by the Committee that to decongest Delhi, satellite towns nearby should have basic amenities including CGHS dispensaries, the Ministry replied in a note:-

"Yes Sir, but the infrastructure and budget provided to CGHS does not allow opening a CGHS dispensary in each and every place where retired Government Servants are settled."

Observations/Recommendations

1.17 The Committee are unhappy to note that the Ministry of Health and Family Welfare take a very casual approach in examining the requests of Government employees for opening new CGHS dispensaries. Considering the fact that Ghaziabad dispensary is about 10-11 kms. from Vasundhara Colony, the Resident's Welfare Association of that colony submitted a representation to the Ministry of Health and Family Welfare for opening a CGHS dispensary in that colony in 1997. The Ministry of Health sent a questionnaire to the Welfare Association in February, 1998. The Ministry did not pursue the matter further. Similarly, there are Area Welfare Officers in the colonies to whom such references are made to ascertain the requirement. However, the Ministry are not very sure whether such a reference was made to the Area Welfare Officer at that time.

1.18 On receipt of the present petition (December, 2002) of the petitioners, the Ministry have now sent it to the Area Welfare Officer to make his

assessment and furnish his report to the Ministry, particularly with reference to determining the number of CGHS cardholders residing in Vasundhara Colony. The Committee were astonished to hear from the representative of the Ministry that they do not have any system of doing survey to determine the population of CGHS cardholders in a particular colony. The Ministry have taken a technical view that the petitioner has himself stated that there are at least 1000 CGHS cardholders in Vasundhara Colony as against the norm of 2000 Card holders for opening a new CGHS dispensary.

1.19 The Committee strongly feel that there is very genuine requirement of a CGHS dispensary in Vasundhara Colony to cater to the needs of the CGHS cardholders of the colony as also of the adjacent colonies like Vaishali, Kaushambi, Indira Puram, etc. The Committee feel that the number of cardholders in these colonies would be more than the required number of 2000. Such amenities in the sattalite towns being developed in the National Capital Region are also essential to decongest Delhi and encourage the population to live there in the Committee, therefore, recommend that all procedures for setting up a CGHS dispensary may be completed in a timebound programme so that a dispensary is set up in the Tenth Five Year Plan itself in Vasundhara Colony.

CHAPTER- II

REPRESENTATION REGARDING THE FUTURE OF BURNPUR UNIT OF BURNPUR STANDARD COMPANY LTD.

The Burnpur Standard Company Ltd. (BSCL) was incorporated on 1st 2.1 December, 1976 by taking over two private companies. It is a wholly owned subsidiary of Bharat Bhari Udyog Nigam Ltd. (BBUNL). Registered Corporate/Head Office of the company is located at Kolkata and its two Engineering Working Units are located at Howrah and Burnpur in West Bengal and one Refraction Unit at Salem in Tamil Nadu. The Company is producing wagons, strucluls, steepers, casnub, casting, forging, conpler, etc. The company has been incurring losses for the last many years. The company was referred to the Ministry of Disinvestment for disinvestment on 18th April, 2001. A Modified Draft Revival Scheme (DMRS) prepared by the company is understood to be under consideration of the Government. During the year 2001-02, 3823 employees availed themselves of VRS and 138 retired on superannuation. As on 31st March, 2002, there were 2476 employees on the roll of the company.

2.2. The Burnpur Standard Officers' Association, Burnpur Works, submitted a representation to the Committee on Petitions regarding crisis in the Burnpur Unit of BSCL. In the representation, the Association brought out the following points:-

- (i) In the recent hearing of BIFR regarding Burnpur Standard, the Association has submitted an appeal so that BSCL can remain operational as a PSU.
- (ii) Government of West Bengal has also recommended before the BIFR to retain Burnpur Standard as a PSU.
- (iii) In case disinvestment process is carried out, due to low profit margin, it may lead to closure/lay off/selling off, etc. The Association have, therefore requested for retaining the Burnpur Works of BSCL as a PSU either as a separate unit or as a part of BSCL.
- (iv) In an earlier representation before the Committee, the Association had also requested to seek, orders for railway wagons. They had also sought for Railways stake in BSCL and price preference for BSCL in regard to procurement of railway wagons by Railways.

2.3. When asked about the future of BSCL, the Ministry of Industry informed that the decision to disinvest and locate a joint partner for BSCL including the

Burnpur Works has been taken on broad Government policy applicable to nonstrategic sector and has nothing to do with profit or loss made by a particular company.

2.4. Enquired whether any final decision has been taken by the Government in regard to disinvestment of BSCL either as a whole or unit-wise, the Ministry in a note stated:

"The Government have decided to disinvest 60% of Bharat Bhari Udyog Nigam Ltd.'s (BBUNL's) equity in BSCL. The disinvestment process has been initiated by the Ministry of Disinvestment (MODI) with the formation of Inter-Ministerial Group (IMG) on 14.1.2002. An advertisement for inviting Expression of Interest (EOI) was issued on 26.3.2003. The last date for inviting Expression of Interest was 7.5.2003. Five EOIs have been received. The eligibility of these EOIs is being examined."

2.5. The Committee further wanted to know as to how many PSUs under the administrative control of the Ministry of Heavy Industries and Public Enterprises have been identified as non-strategic sector and out of these how many have been referred for disinvestments. The Ministry informed that all the companies under the administrative control of DHI fall under the non-strategic category. Out of the 49 companies, 26 have been taken up for disinvestment.

2.6. The Committee took evidence of the representatives of the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) on the subject on 16th June, 2003. During evidence the Committee pointed out that the Burnpur Unit manufacture railway wagons and it has strategic role like Railways which is under strategic sector and Railways need wagons on regular basis. Requirement of wagons for Railways is about 23000 per annum. The Burnpur Unit is one of the major wagon supplier. Asked about the views of the Ministry in this regard, the Secretary, Heavy Industry, stated as under:-

"We have sought time from the BIFR to pursue either joint venture or disinvestment process so that the unit will remain alive. The bids for expression of interest were called for in this case. Five expressions have been received. They are being examined by the Ministry of Disinvestment. The next meeting is on 20^{th} June. Thereafter, we will be able to come to a conclusion whether the expressions which we have received are tenable and acceptable. Therefore, the bids would be invited.

Secondly, as far as the unit is concerned, this is one of the two units in Bunrpur, another being IISCO. If anyone of these two gets closed, you can certainly appreciate what will happen to the Burnpur Works. I have been associated with Burnpur both from IISCO side and now from this side. I know the economy of the place, the sociology of the place. If that has to be taken into account, your expression of worry is very much valid at this stage. But we have been trying our best to get the orders. The Railways would invite open tender system. Despite that, we have been trying to get them orders.

As far as the orders are concerned, they are comfortably placed as on date. There is no worry as far as orders are concerned."

2.7. In regard to capacity and infrastructure of the Burnpur Unit, the Ministry informed in a note:-

"Burnpur unit of BSCL has an installed capacity of 3911 Four Wheeler Units (FWUs) of wagons. It also has an annual capacity of 12600 Metric Tonnes of Springs and Forgings (S&F). The detailed assessment of the infrastructure of BSCL including Burnpur Works will be done by the asset valuers as a part of the disinvestment process. The asset valuers are to be appointed shortly."

2.8. Asked whether the Ministry ever considered formation of joint venture with the Railways for better utilization of the Burnpur Works which is mainly for manufacturing railway wagons, the Ministry informed that the matter was taken up with the Ministry of Railways who informed that the proposition of taking over of the unit by the Railways was not found feasible.

2.9. Explaining it further, the Secretary, Heavy Industry stated during evidence:-

"We had made a request to the Railway Ministry for the Burnpur unit also. They did not agree to that. Again, we made a proposal or we made a request to the Railway Ministry for the Mokama unit. So far, no reply has been received. So, if one unit is taken over by them, the other is bound to be taken over. It is not possible that Mokama is taken over and the Burnpur unit is left out.

We had sent the proposal regarding Burnpur much earlier. We had received a request from the Member of the West Bengal Legislative Assembly. On that basis, we made a request to the Railway Ministry. At that time, they did not find it perhaps tenable. But again we have made a request in the case of Mokama. We are awaiting their reply on Mokama. Let the reply come and then we have another view on that."

2.10. In reply to a question about the requirement of wagons in the country, the Secretary, Heavy Industry stated:-

"When I went through the Tenth Five Year Plan relating to the Railways, I saw that the total demand for wagons is only 65,000 whereas the country's capacity is about 44,000 wagons per annum. In one year and four months we can fulfill the total demand of the Railways. The reason as to why the demand is not very high is perhaps due to better maintenance, better quality of wagons and less wear and tear."

2.11. The Committee further pointed out that the proposals of the Ministry so far have been that wagon manufacturing units like Burnpur should be taken over by Railways. Asked whether efforts have been made to form joint venture, the witness replied:-

"I will not be able to reply to this question right now...."

"We are prepared to send a proposal for a joint venture with Railways"

2.12. In reply to a query about the quality of wagons manufactured by the Burnpur Works, the witness agreed that the quality was very good as compared to private units.

2.13. Asked as to at what level the Ministry of Industry has taken up the matter regarding procurement of wagons by Railways from the Burnpur Works, the Ministry replied:-

"The wagon manufacturing PSEs including BSCL receive their orders from the Railways after responding to the open tender. The holding company, BBUNL, files the quotations on behalf of its subsidiaries as it also plays the role of a coordinator. The Ministry of Heavy Industries intervenes only when there are any serious problems. Presently, the order position is comfortable in BSCL including Burnpur Works. The total orders as on 1.6.2003 are 4440 FWUs and out of which, order of 2825.0 FWUs are with Burnpur Works. Thus, there is no shortage of orders."

2.14. The Committee also enquired about the working results of Burnpur Works during each of the last 3 years. The Ministry stated in a note that separate working results of the Burnpur Works are maintained by the company. The performance of the Burnpur Works for the last three years is as follows:-

	2000-01	2001-02	2002-03 (prov.)
Production	73.86	38.83	52.72
Gross Margin	5.64	(2.12)	(1.80)
Net Profit/(Loss)	3.71	(11.85)	(13.81)

(Rupees in crore)

2.15. In regard to the latest orders of BIFR on BSCL/Burnpur Works, the Ministry replied in a note:-

"BSCL was referred to BIFR in November, 1994. A rehabilitation scheme was sanctioned in April, 1999 but the same was declared as failed in September, 2001 and BIFR ordered change of management. However, no response was received to the advertisement issued by the Operating Agency for change of management. However, on the request of the Government, BIFR granted time upto 30.9.2002 to GOI for carrying out joint venture exercise. In its hearing on 9.12.2002, the BIFR issued change of management once again but on a review application by DHI, the Bench modified its order and allowed DHI/BBUNL to locate suitable joint venture partner within three months. Further extension has been given by BIFR upto 31.7.2003."

2.16. The Committee further pointed out that one of the demands of the petitioners was for pay revision which was due from January, 1997. In this connection, the Ministry stated in a note that pay revision w.e.f. 1.1.1997 has not been implemented in any of the similarly placed subsidiaries of BBUNL. In the case of profit-making subsidiary, namely, Braithwaite Burn & Jessop Construction Company Ltd. (BBJ), the pay revision from 1.1.1997 was approved in February, 2002.

2.17. In this connection the Secretary, Heavy Industries also stated during evidence that according to the present proposal, pay revision would cost additional expenditure of Rs.7 crore per annum.

2.18. On being pointed out by the Committee that if the unit was operated at full capacity, it could earn profits, the witness replied that they will certainly break even if they get full orders.

2.19. Asked whether the demand of the employees for pay revision was not justifiable as pay revision in some of the PSUs under the Ministry of Heavy Industries and Public Enterprises had already taken place, the Ministry in a note stated:-

"In no other similarly-placed subsidiary of BBUNL has the pay revision been effected, therefore, the demand of employees for pay revision does not appear to be justified. For the sick companies referred to BIFR, the Government order relating to pay revision w.e.f. 1.1.1997 provides that revision of pay scales would be strictly in accordance with rehabilitation packages approved or to be approved by the BIFR and after providing for the additional expenditure on account of pay revision in these packages. BSCL is a BIFR-referred company and BIFR would be formulating a rehabilitation scheme after a strategic partner is located in the process of disinvestment."

Asked whether VRS was still open, the Ministry replied in a note:-

"VRS has been reintroduced in the company from 4.6.2003 and will remain open till 30.6.2003. The category-wise manpower position as on 1.6.2003 is as under:-

	Officers	Staff	Sub-staff	Workers	Total
Howrah	4	31	10	203	248
Burnpur	66	161	61	889	1177
Salem	49	26	20	413	508
Total	119	218	91	1505	1933

2.20. Enquired about the safeguards stipulated for the employees of the PSUs under disinvestment process, the Ministry replied in a note that at the time of disinvestment, Transaction Documents, namely, Share Purchase Agreement and Shareholders' Agreement are entered into with the strategic partner. These two documents provide for sufficient safeguards for the employees.

Observations/Recommendations

2.21. The Committee regret to note that Government are in a hurry to carry out disinvest in PSUs. All the 49 PSUs under the administrative control of the Department of Heavy Industry have been categorized as non-strategic. Out of these, 26 have been taken up for disinvestment. The Committee find that the categorization has been done without proper study and assessment. For instance, the Burnpur Unit of the Burn Standard Company Ltd. is primarily in the line of manufacture of railway wagons, springs and forgings. The Secretary, Heavy Industries deposed before the Committee that as against the annual requirement of 65000 wagons, the indigenous production capacity is about 44000 only. The Committee are, therefore, of the firm opinion that the Railway wagon manufacturing PSUs should be treated as strategic sector like the Railways. Accordingly, such PSUs should remain as PSUs only in the national interest. On an earlier occasion, on a reference from the Ministry of Industry, Railways did not agree to take over the Burnpur Unit. However, on a suggestion of the Committee, officers of the Ministry agreed to examine and pursue the proposal of making the Burnpur Unit of BSCL as a joint venture unit of BSCL and Railways. This will ensure regular supply of quality wagons to Railways as per their requirement. The Committee would like to be apprised of the progress made and concrete action taken in the matter within three months. Needless to emphasise that BIFR would be suitably apprised of the matter which has given time to the Ministry upto 31st July, 2003 for deciding the future of BSCL.

2.22. Examination of the Ministry of Heavy Industries and Public Enterprises has revealed that the quality of railway wagons manufactured by the Burnpur Unit is very good and at its full capacity utilization, the unit can break-even. The Committee, therefore, would like the Ministry to coordinate with Railways for giving maximum orders to this Unit. This will also help in revival of the Unit at the earliest.

2.23. With the introduction of VRS, the number of employees in BSCL has come down considerably. As on 1.6.2003, the total manpower of the company is 1933. Out of these, 1177 employees are working in the Burnpur Unit. On the demand of employees for their wage revision which is due from January, 1997, the Ministry informed the Committee that in none of the PSUs under the administrative control of the Ministry of Heavy Industries and Public Enterprises, placed at par with BSCL (i.e. loss making ones), pay revision has been allowed. The proposed pay revision would put extra burden of Rs.7 crore per annum. Considering the increase in cost index since 1997, the Committee feel that the demand of employees for pay revision is genuine and should be considered positively. Enhanced pay will help in maintaining the morale of workers and production level high even with the reduced manpower level.

2.24. The BSCL should take all efforts to increase the production of wagon at Burnpur Unit to make the Unit viable.

2.25. The Ministry of Railways should extend all assistance including supply of certain items free to this Unit as it was done earlier.

CHAPTER-III

REPRESENTATION REGARDING NON-IMPLEMENTATION OF WAGES AND ALLOWANCES AS PER AGREEMENT DATED 20TH OCTOBER, 2001 BY THE MANAGEMENT OF BHARAT HEAVY PLATES AND VESSELS LIMITED (BHPV).

3.1 Bharat Heavy Plates and Vessels Ltd. (BHPV) was set up in 1966 with the objective of fabrication of equipments required for processing industries in core sectors like Fertilisers, Petro-chemicals, Refineries and Chemical Industries. The company is a subsidiary company of Bharat Yantra Nigam Ltd. (BYNL).

3.2 BHPV National Employees Union submitted a representation to the Committee stating that after fulfilling all procedures and having negotiations with the Board of BHPV, a wage agreement settlement with BHPV was arrived at on 30 October, 2001. The Board of BHPV approved the wage revision proposal for the employees of BHPV on 26 February, 2002. The approved proposal was sent to the Ministry of Industry by the holding company viz. BYNL for approval and the Government approval on the wage revision of BHPV employees is awaited. Prior to starting the negotiations process with the employees, the Ministry of Heavy Industries and Public Enterprises had given their permission for the same. The earlier wage revision agreement expired on 31 December, 1996.

3.3 The representation was sent to the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) for comments. The Ministry vide their communication dated 15 January, 2003 communicated as under:-

".....presently BHPV is having acute financial crunch and sought financial assistance amounting to Rs.130 crore in the form of GOI counter guarantee, apart from salary support and other financial assistance. Moreover, the company has shown a declining trend during the current financial year and has already incurred a loss of Rs.47 crore upto 20.11.2002. Considering the poor financial health of the company, it has been decided that the wage revision proposal of BHPV may pend till such time the company improves its financial position. However, it may also be mentioned that the annual accounts of BHPV for the year 2001-2002 have not been finalised till date. Government are closely watching the performance of the company."

3.4 The Committee on Petitions, undertook an on-the-spot study visit to BHPV installations at Visakhapatnam on 27 and 28 May, 2003. The Committee also held discussions with the petitioners (representatives of the Employees Association of BHPV) and officers of BHPV. The following facts were placed before the Committee:-

- "Wage revision of all PSUs working in Visakhapatnam like RINL, HSL, Hindustan Petroleum, Visakhapatnam Port Trust has taken place almost a year ago. However, the employees of BHPV are suffering economic hardships due to non revision of pay.
- (ii) Salary bill of BHPV is now at 60% of the earlier one because almost 50% employees have taken Voluntary Retirement Scheme and the manpower of the company has come down from 4030 in 1998-99 to 1947 as of now.
- (iii) Management of the company has assured the Government to carry out the activities of the company with the present level of manpower.
- (iv) Presently, there are no job orders. However, during the current year i.e. 2003-2004, the company is participating in tenders for seeking job orders worth Rs.1100 crore and it expects substantial job orders in the current year.
- (v) The financial implications of the wage revision due to proposed hike would be about Rs.60-70 lakh per month and the present agreement will be applicable for 10 years.
- (vi) BHPV needs working capital to carry out the job orders. Similarly, the Employees Association has demanded that BHPV should be merged with BHEL so that its infrastructure is utilized fully.
- (vii) Accounts of the company for the years 2000-2001 and 2001-2002 have been finalised and the company earned profits of Rs.94 lakh and Rs.172 lakh, respectively, during these years.
- (viii) BHPV is a subsidiary of Bharat Yantra Nigam Ltd. and subsidiary companies of this holding company like Bridge and Roof Company have also implemented the wage revision.
- (ix) The company has not sought Government grants to pay enhanced salaries.

3.5 The Committee took evidence of the representatives of the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) on 16 June, 2003. During the evidence, the Committee pointed out that BHPV had earned profits during the years 2000-01, 2001-02 and 2002-03 and since the company had fulfilled the conditions for wage revision, the Ministry should give their approval for the same. The Secretary, Ministry of Industry stated:-

"It is true that the agreement had been reached and it is also true that the Board of Directors had approved and made a recommendation to the Government for the revision of wages and salaries of the officers and the employees of the BHPV as from 1997 onwards. You would kindly recall that when 1997 wage revision had taken place, at that time, one very clear stipulation was there that any additional burden on account of revision of wages and salaries has to be borne by the company out of its own efforts. That means they should be in a position to bear the burden of additional amount. You have very rightly indicated, at the outset, that the company has been doing well during the last two-three years. This is the report which we also got. If you kindly recall the company had sent this proposal to us during the last financial year and we had asked them to wait till the fiscal of 2002-03. In 2002-03, they have reported a tentative profit of Rs. 1.53 crore. When we went through the figures of the profit, it made us sit up. Their tentative production was Rs. 95 crore as against a target of Rs. 220 crore. Till 28 February, 2002, they had reported a loss of Rs.52 crore. In the month of March, what had been reported to us is that they have wiped up the loss of Rs. 52 crore. They have made a profit of Rs.1.53 crore and the production in the month has gone up from Rs. 95 crore to Rs. 220 crore.

Sir, this is fairly a gigantic task for any company to perform. When we got into the figures what we realized is that in the month of March they showed the expenditure as follows: On production, Rs. 14 crore; on bought out items it was Rs.20 crore; on site erection it was Rs.9 crore and Rs. 80 crore as claims against clients. The clients of the company being M/s IOCL, Barauni and Digboi, Space Application Centre, BPCL, CPCL and BBFCL. I would not go into the minor details but I would like to submit that claims against IOCL, Barauni and Digboi amounted to Rs. 53 crore. Out of this Rs. 80 crore, Rs. 53 crore was against delayed construction, against liquidity damages claimed by the IOCL. On one side they are claiming liquidity damages from the company and on the other they are trying to raise a claim of Rs. 80 crore against them. This does not go with the system.

Sir, similarly in case of BPCL where the claim is of rupees four crore, the BPCL is running from pillar to post to get the heat exchangers but they are not getting it. They are making a claim of rupees four crore against them. In due course of time I would request the Chairman of the company to let you know the further details. If those details are spelt out, then it is going to leave us numb and cold. This is the reason we could not sanction and we could not agree to their request."

3.6 The Ministry further informed in a note that the holding company of BHPV i.e. BYNL have engaged the services of a reputed Chartered Accountant for detailed examinations and analysis of relevant records and their report is awaited. 3.7 When asked whether representative of the Ministry was present in the BHPV Board Meeting held on 26 February, 2002 where wage revision was approved, the Secretary, Ministry of Heavy Industries and Public Enterprises replied:-

"Yes, the representative of the Ministry was present there. The representative of the Ministry was present when this recommendation for the grant of revision of salaries was made. But the revision of salaries remains under the omnibus condition that they have to raise their own resources for it."

3.8 The Committee further pointed out that BHPV was not asking for monetary assistance from the Ministry for paying revised salary which was likely to be about Rs.60 lakh per month more than the present wage bill. Besides, the Company has brought down its manpower to about half i.e. present level of 1947 from 4030 in 1998-99. The Secretary, Ministry of Heavy Industries and Public Enterprises replied:-

"Sir, we have 49 companies with us and out of that 11 companies have been given the permission for revision of wages and salaries. But in view of what you are saying we can have another look at it. But what appears is that in the coming year also there is hardly and chance of any improvement."

Explaining it further the Ministry stated in a note:-

"The manpower reduction of the company has been possible only through the Government budgetary support of Rs.104.26 crore for the implementation of VRS and roll back of retirement age. As the company as on date is defaulting in the payment of statutory dues based on 1992 scale of pay, the Government feel that it will not be in a position to support pay revision based on 1997 scale of pay." 3.9 On being pointed out by the Committee that BHPV was not having orders to utilize the existing huge infrastructure and it required Ministry's help, the witness informed:

"......with the performance that this company has discharged during the last two to three years, their main clients have completely got disenchanted with them, that is, the oil sector. That is where they used to get the maximum orders. The oil sector came to me and said, "Please for heaven's sake, save us from BHPV." You have asked in one of the questions as to what have we done to liquidated damages waived off. If they have delayed supplies, obviously, they are liable for liquidated damages. However, using the good offices of this Committee and the Standing Committee on Industry, we have requested the Petroleum Ministry to have a kinder look at our plight. The Petroleum Secretary has constituted a Committee under the Chairmanship of Additional Secretary, Ministry of Petroleum and my colleague, Mr. Didar Singh is a Member of that. We are trying to get as much concession as possible from them. We have taken care of that. If I say that they are going to get orders from petroleum sector in future, I will be rather sanguine and sanguine to the extent to being belied at a later stage. This is what I wanted to submit. I am not trying to say anything else. I only hope that they get the orders, they perform well and will bring us laurels. It will save the company from getting into difficulties. We will certainly have another look at it and come back to you in about 10 to 15 days."

3.10 In reply to a question that the company should continue as a PSU, the witness stated:

"As far as keeping this company afloat, I do not want to mention this, since you raised this question I am saying this for your kind consideration that I would have visited my old Ministry a number of times only on this count. I called my old colleagues from the Petroleum Ministry, the Chairman of various companies and requested them to have a positive look at it. That is where we are at present. You can be rest assured that neither my colleagues nor I would be a contributing factor for the closure of any units. We have to live with them. We have to see that they survive. We have to see they prosper. That is our job. You can trust me that we will discharge our responsibility."

3.11 The Committee desired to know about the PSUs under the Ministry of Industries and Public Enterprises which have revised pay scales after 1 January1997. The Ministry in their note replied as under:-

"In the following PSUs of the Department salary/wage revision based 1.1.1997 scale of pay has taken place:-

<u>Profit Making</u>

- (i) Bharat Heavy Electricals Limited.
- (ii) Hindustan Paper Corporation.
- (iii) BBJ Construction Company Limited.
- (iv) Engineering Projects India Limited.
- (v) Rajasthan Electronics Instruments Limited.
- (vi) Scooters India Limited.

Loss Making

- (vii) Hindustan Cables Limited (was making operating profit at the time of salary/wage revision).
- (viii) Andrew Yule & Company Limited (in profit at the time to wage revision)."

3.12 Asked about the response of the Ministry in regard to the demand of BHPV for giving financial package of Rs.130 crore to the company to lessen its interest burden which is about Rs. 40 crore per annum, the Ministry replied as under:-

"The company has sought GOI counter guarantee for raising Rs. 130 crore for retiring its past debts. The proposal has been examined in consultation with the Ministry of Finance. The Government of India has already extended the following guarantees to BHPV:

- (i) Rs.15.00 crore for availing working capital facilities for execution of specific orders of Indian Oil Corporation.
- (ii) Rs.23.63 crore bonds raised from the market for implementing VRS in the company.

The company is defaulting in the payment of principal amount to the bankers/institutions in respect of both the above guarantees. We have been receiving letters from the bankers/institutions that BHPV is defaulting in the payment of their dues. In such a background and also the fact that the company has a pending order book position of only Rs.48.50 crore, the proposal for extending Counter guarantee of Rs.130 crore to the company is therefore not found to be financially sound."

3.13 In regard to the demand of BHPV for Rs.35 crore during the 10th Plan for modernization of plants and machinery, the Ministry informed that the proposal was not approved in view of the proposed disinvestment of BHPV.

3.14 The Committee further desired to know about the demand of employees for merger of BHPV with BHEL. The Secretary, Ministry of Heavy Industries and Public Enterprises replied:-

"We did talk to them. They have not agreed to that. According to them, they have all these facilities with them. They do not want to replicate it because that would increase burden on them. Let the blessings of this Committee flow to us, we will ensure that the company operates. Any company, when it gets closed, it causes many problems."

Explaining it further, the Ministry in a note informed as under:-

"A proposal was received and referred to BHEL for their comments. The response of BHEL is that BHPV is broadly in the manufacture of fabricated equipment for which manufacturing capacity is available in all the major units of BHEL viz., Hardwar, Bhopal, Hyderabad and Trichy. The product range of both the companies overlap to large extent. The merger would lead to neither market expansion nor improvement in capacity utilization and therefore does not appear to be viable."

Observations/Recommendations

3.15 The Committee note that with the approval of the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry), Bharat Heavy Plates & Vessels Ltd., (BHPV) initiated negotiations with labour unions in 2001 for wage revision. The last wage revision was upto December, 1996. After fulfilling due procedures, a wage agreement between BHPV management and labour unions was signed on 30 October, 2001. The Board of BHPV approved the wage revision at their meeting held on 26 February, 2002. The wage revision proposal, submitted to the Ministry through the holding Company of BHPV viz. Bharat Yantra Nigam Ltd. (BYNL), is pending since then.

3.16 The Committee have been informed that with the reduction in manpower through VRS i.e. from about 4000 to the present level of 1947, the likely additional expenditure on account of proposed wage revision would be about Rs.60 lakh per annum. The Ministry informed the Committee that one of the stipulations for wage revisions in any PSU under the Ministry has been that the PSU should earn profits to sustain the enhanced wage bill and in this case BHPV is yet to pass this yardstick. The profits earned during 2000-01 and 2001-02 are too meager. Regarding the accounts for the year 2002-03, the Committee were informed that there seemed to be some manipulations. A reputed Chartered Accountant has been appointed to enquire into it. The Committee would like the Ministry to ensure that this exercise is completed at the earliest. They also recommend that to keep the morale of the workers high, who are willing to keep the productivity to a level which was achieved with the double manpower than the existing one, the demand of wage revision of employees should be considered positively.

3.17 The Committee note that BHPV is suffering on account of lack of orders and during the current year they have tendered for works of about Rs.1100 crore out of which they expect orders worth Rs.300 crore approx. The Ministry informed the Committee that due to delay in completing the orders, Oil Companies and other PSUs were shying away from giving orders to BHPV. The Ministry are taking up this matter with the concerned Ministries. The Committee would like to emphasize that this is an area where the Ministry's help can revive BHPV. Therefore, they would like the Government to extend full assistance including L.D. waiver, providing advance from PSUs, and assistance in arranging working capital to carry out the jobs in time.

3.18 The Committee find that the proposal for merger of BHPV with BHEL has not found favour with BHEL. The Committee feel that with the reduction in manpower of BHPV, the matter needs reconsideration particularly in the context of that the huge infrastructure existing in BHPV. The Committee would like to point out that in Oil sector, Bongaigaon Refinery & Petro-

Chemicals (BRPL), Numaligarh Refinery Ltd., Chennai Petroleum Corporation Ltd., Cochin Refineries Ltd., all smaller PSUs have been made subsidiaries of oil sector giants like Indian Oil Corporation, Bharat Petroleum Corporation, Hindustan Petroleum Corporation. The Committee, therefore, find no reason as to why BHPV cannot become a subsidiary of BHEL or can not operate as a Division of BHEL. They, therefore, strongly recommend for re-examination of the matter.

NEW DELHI;

<u>14 July, 2003</u> 23 Asadha, 1925 (Saka) BASUDEB ACHARIA Chairman Committee on Petitions Lok Sabha

MINUTES OF THE SEVENTY-FOURTH SITTING OF THE COMMITTEE ON PETITIONS (THIRTEENTH LOK SABHA) HELD ON 16TH JUNE, 2003 IN COMMITTEE ROOM NO. 53, FIRST FLOOR, PARLIAMENT HOUSE, NEW DELHI.

The Committee sat from 1430 to 1600 hours. **Present**

Shri Basudeb Acharia - Chairman

Members

- 2. Shri S. Bangarappa
- 3. Shri Ambati Brahmaniah
- 4. Shri Ram Rati Bind
- 5. Shri Bikram Keshari Deo
- 6. Shri Anant Gudhe
- 7. Shri P.R. Kyndiah
- 8. Shri Shriniwas Patil
- 9. Dr. Bikram Sarkar

Secretariat

1.	Shri Brahm Dutt	-	Deputy Secretary
C	Cust Magna Cingle		Under Constant

2. Smt. Neera Singh - Under Secretary

Witnesses

Representatives of the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industries).

1.	Shri Naresh Narad	-	Secretary, (Deptt. of Heavy Industry)
2.	Shri Naresh Chaturvedi	-	Additional Secretary & Financial Advisor
3.	Shri Didar Singh	-	Joint Secretary
4.	Shri S.V. Bhave	-	Joint Secretary
5.	Shri Manoj Kumar Singh	-	Director

6.	Shri Pritam Singh	-	Director
7.	Shri K.S. Sawhney	-	Deputy Secretary
8.	Shri S.C. Gupta	-	CMD, Bharat Yantra Nigam Ltd. & Burnpur Unit & Burn Standard Co. Ltd.
9.	Brig. P. Ghosh	-	Managing Director, Burn Standard Co. Ltd.

Ministry of Health & Family Welfare (Department of Health)

1.	Smt. P. Jyoti Rao	-	Addl. Secretary
2.	Shri B.P. Sharma	-	Joint Secretary
3.	Dr. S.P. Agarwal	-	Director-General (Health)
4.	Dr. G.K. Biswas	-	Additional Director General (H)
5.	Dr. R. Anand	-	Joint Director (H)
6.	Dr. L. Nongpiur	-	Director – (CGHS)
7.	Shri S.N. Gupta	-	Director Admn. (CGHS)
8.	Shri Rajesh Bhushan	-	Director (Health)
9.	Dr. S.K. Satija	-	Chief Medical Officer

2. At the outset, the Chairman welcomed the witnesses to the sitting of the Committee and invited their attention to the provisions contained in direction 58 of the Directions by the Speaker, Lok Sabha.

3. The Committee then took oral evidence of the representatives of the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) on the following subjects:-

- (i) Representation regarding non-implementation of Wages and Allowances as per Agreement dated 30.10.2001 by the Management of Bharat Heavy Plate & Vessels Ltd. (BHPV).
- (ii) Representation regarding crisis of Burnpur Unit of Burnpur Standard Co. Ltd., a leading PSU Wagon Builder.

(Representatives of Ministry of Heavy Industries & Public Enterprises then withdrew).

4. The Committee, thereafter, took evidence of the representatives of the Ministry of Health & Family Welfare on the petition requesting for setting up a CGHS Dispensary in the Vasundhra Colony, Ghaziabad, Uttar Pradesh.

5. A verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE SEVENTY-SIXTH SITTING OF THE COMMITTEE ON PETITIONS (THIRTEENTH LOK SABHA) HELD ON 14TH JULY, 2003 IN COMMITTEE ROOM NO. 53, FIRST FLOOR, PARLIAMENT HOUSE, NEW DELHI.

The Committee sat from <u>1400 to 1610</u> hours.

PRESENT

Chairman

MEMBERS

2. Shri Ram Rati Bind

Shri Basudeb Acharia

- 3. Shri Anant Gudhe
- 4. Shri Shriniwas Patil
- 5. Dr. Bikram Sarkar

SECRETARIAT

1.	Shri Brahm Dutt	-	Deputy Secretary
2.	Smt. Neera Singh	-	Under Secretary

<u>WITNESSES</u> <u>REPRESENTATIVES OF THE MINISTRY OF RAILWAYS</u> <u>(RAILWAY BOARD)</u>

1.	Shri R.K. Singh	-	Chairman, Railway Board
2.	Smt. Vijayalakshmi Vishwanathan	-	Financial Commissioner
3.	Shri Kanwarjit Singh	-	Member Engineering
4.	Shri Sudhir Mathur	-	Executive Director/Finance
5.	Shri S.K. Choudhary	-	Executive Director/ Traffic (Commercial)
6.	Shri B.S. Sudhir Chandra	-	Member Staff
7.	Shri K. Biswal	-	Executive Director (Estt.)
8.	Shri K.K. Sharma	-	Joint Secretary
9.	Shri U.V. Acharya	-	Additional Member/Staff

<u>REPRESENTATIVES OF THE MINISTRY OF COMMERCE & INDUSTRY</u> (DEPARTMENT OF COMMERCE)

1. 2. 3.	Shri Deepak Chatterji Shri V.K. Gauba Shri S.D. Kapoor	- -	Secretary Deputy Secretary Chairman-cum-Managing Director (MMTC Ltd.)
4.	Dr. B.B.L. Madhukar	-	Director (Personnel) (MMTC Ltd.)
5.	Shri G.P. Sharma	-	Chief General Manager (Personnel) (MMTC Ltd.)

<u>REPRESENTATIVES OF THE MINISTRY OF ROAD TRANSPORT &</u> <u>HIGHWAYS</u>

1.	Shri Ashok Joshi	-	Secretary
2.	Shri Santosh Nautiyal	-	Chairman–National Highway Authority of India.
3.	Shri Nirmaljeet Singh	-	Member – National Highway Authority of India.

At the outset, the Committee considered the Draft Twenty-eighth, Twentyninth and Thirtieth Reports of the Committee and adopted the same with some minor verbal changes. The Committee then authorized the Chairman to finalise the Reports and to present them to the House on 22nd July, 2003.

2. The Chairman, thereafter, welcomed the representatives of the Ministry of Railways (Railway Board); Ministry of Commerce & Industry (Department of Commerce) and the Ministry of Road Transport & Highways, respectively, to the sitting of the Committee and invited their attention to the provisions contained in Direction 58 of the Directions by the Speaker, Lok Sabha.

3. The Committee then took oral evidence of the respective representatives of the above Ministries on the following subjects:-

(i) Representation regarding conversion of Achalpur-Murtizapur narrow gauge railway line into broad gauge in Vidarbha area of Maharashtra (Ministry of Railways);

- (ii) Representation regarding grievances of Loco Running Staff in Eastern Railways (Ministry of Railways);
- (iii) Representation requesting to thwart the move for sale of MICA Plant and Machinery of MMTC (Ministry of Commerce); and
- (iv) Representation requesting to review notification dated 8.2.2002 and change National Highway (NH) 60 for alignment at Laxman Nath, Orissa (Ministry of Road Transport & Highways).
- 4. A verbatim record of the proceedings was kept.

The Committee then adjourned
