

Study tour report no. 38

C.P.U. NO. 861

COMMITTEE ON PUBLIC UNDERTAKINGS

(2001-2002)

(THIRTEENTH LOK SABHA)

STUDY TOUR REPORT

ON

CONTAINER CORPORATION OF INDIA LIMITED

Laid in the Lok Sabha on.....

Laid in the Rajya Sabha on.....

2 APR 2002

LOK SABHA SECRETARIAT

NEW DELHI

April, 2002 / Vaisakha, 1924 (S)

CONTENTS

	Page No.
Composition of the Committee (2001-2002)	(iii)
Introduction	(v)
Study Tour Notes on Container Corporation of India Limited	1
Recommendations/Observations of the Committee	20

ANNEXURES

Annexure-I	Tour Programme of the Committee on Public Undertakings to Bhubaneswar, Mumbai and Kolkata from 15 th to 19 th January, 2002	31
Annexure-II	Composition of the Committee on Public Undertakings which visited Bhubaneswar, Mumbai and Kolkata from 16 th to 19 th January, 2002	32
Annexure-III	List of officials of the Container Corporation of India Limited who were present during discussion with the Committee on Public Undertakings at Mumbai on 18.01.2002.	33

COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS
(2001-2002)

CHAIRMAN

Prof. Vijay Kumar Malhotra

MEMBERS

LOK SABHA

2. Shri Prasanna Acharya
3. Shri Mani Shankar Aiyar
4. Prof. S.P.Singh Baghel
5. Shri Sudip Bandyopadhyay
6. Shri Ram Tahal Chaudhary
7. Shri Ajay Singh Chautala
8. Shri Shiv Raj Singh Chauhan
9. Shrimati Sangeeta Kumari Singh Deo
10. Shri C.K. Jaffer Sharief
11. Shri K E Krishnamurthy
12. Shri Vilas Muttemwar
- *13. Shri C.P.Radhakrishnan
14. Shri Tarit Baran Topdar
15. Shri Dinesh Chandra Yadav

RAJYA SABHA

16. Shri Suresh Kalmadi
17. Shri K. Kalavenkata Rao
18. Shri Jibon Roy
19. Shri B.P.Singhal
20. Smt. Ambika Soni
21. Shri C.P.Thirunavukkarasu
- **22. Shri Ranjan Prasad Yadav

SECRETARIAT

1. Shri John Joseph, Additional Secretary
2. Shri S. Bal Shekar, Director
3. Shri Raj Kumar Under Secretary
4. Shri Girdhari Lal Executive Assistant

* Elected w.e.f 29th November, 2001 *vice* Shri Rajiv Pratap Rudy ceased to be Member of the Committee consequent upon his appointment as Minister w.e.f. 01.9.2001.

** Retired w.e.f. 8.4.2002.

INTRODUCTION

In pursuance of the procedure adopted under Rule 281 of the Rules of Procedure and Conduct of Business for laying the Study Tour Reports on the Tables of both the Houses of Parliament I, Chairman, Committee on Public Undertakings have been authorised by the Committee to lay the Study Tour Report on their behalf, lay the Study Tour Report of the Committee on their discussions with the officials of Container Corporation of India Limited.

2. The Committee held discussions with the officials at Mumbai on 18.01.2002. A copy of the tour programme is annexed (Annexure-I).

3. The Committee considered and approved the Report at their sitting held on 24th April 2002.

4. The Committee wish to express their thanks to Container Corporation of India Limited for providing facilities during the visit of the Committee and for supplying necessary material and information required in connection with the Study Tour.

5. They would also like to place on record their sense of appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

New Delhi
24, April, 2002
04, Vaisakha, 1924(S)

PROF. VIJAY KUMAR MALHOTRA
CHAIRMAN
COMMITTEE ON PUBLIC UNDERTAKINGS

**'STUDY TOUR NOTES' OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS**

**DISCUSSION WITH THE OFFICIALS OF CONTAINER CORPORATION OF
INDIA LIMITED (CONCOR) AT MUMBAI ON 18.01.2002**

At the outset, the Chairman, Committee on Public Undertakings (COPU) made opening remarks and requested the Managing Director, CONCOR to introduce himself and his colleagues to the Committee. The Chairman, COPU also requested him to give a brief account of the working of the Corporation.

2. After introduction of the officers of CONCOR, the Managing Director, CONCOR has informed the Committee that Container Corporation of India Limited (CONCOR) which was incorporated in March 1988 as a Public Sector Enterprise under the Ministry of Railways with the prime objective of developing modern multi-modal transport logistics infrastructure to support the country's growing international trade as well as for transport of domestic traffic in containers by adopting the latest technology and practices commenced its operations on November 1, 1989. When CONCOR took over business in 1989, Indian Railways were operating 7 Inland Container Depots (ICDs) at Delhi, Ludhiana, Bangalore, Coimbatore, Amingaon, Guntur and Anaparti. Since taking over the Railways'container handling facilities since that date, CONCOR has developed a vast network of container terminals at prime locations all over the country, At present, it has 40 terminals in various parts of the country. The number of terminals is expected to go up from 40 to

above 50 – 55 over the next five years. CONCOR has also set up its Regional Offices at Delhi, Mumbai, Kolkata, Chennai, Nagpur, Hyderabad and Ahmedabad which supervise the work of these terminals. Since its inception CONCOR has provided innovative services like container transportation in the domestic sector, introduction of wagons at 100 kmph, bonded warehousing, air cargo facilities, Less than Container Load (LCL) consolidation services, etc. CONCOR has spread its operations throughout the country to facilitate trade and commerce within the country.

3. The Committee have further been informed that CONCOR is in the business of providing terminal services and facilities for container traffic, and providing inland transport of containerised cargo. The business consists mainly of two kinds of traffic: transport to and from gateway ports for import and export termed as international or exim traffic, and domestic movement within the country. The inland transport is provided mainly by rail, though CONCOR does provide road transport on certain sectors, either as an alternative option to Rail or as an operationally superior mode of transport. Movement by rail, however, forms the predominant mode.

3-A. When enquired whether other PSUs are doing the same business as CONCOR, the Committee have been informed that CONCOR is the only PSU in the business of container movement and handling and thus there is no duplication of business.

4. When enquired about the nature and efficiency of various services, such as terminal handling and haulage facilities available in the container

terminals and their comparison to international standards, the Committee have been informed that the terminal facilities provided for are as per international specifications and use international quality equipment for handling and transportation. These facilities include :-

- Use of Gantry cranes, reach stackers for terminal handling
- Use of CC block paving to facilitate the movement of gantries, reach stackers
- Introduction of high speed wagons capable of running at 100 kmph
- Prefabricated warehousing facilities
- Multi-tier stacking

5. As per the information furnished to the Committee, CONCOR plans to invest an amount of Rs.1400 crore in capital expenditure over the next five years an infrastructure comprising container terminals, rail wagons and handling equipment.

When asked about the plans for improving the infrastructure facilities and the extent to which implementation of the plans would benefit in ensuring speedy delivery of goods and meeting the expectations of the customers, the Committee have been informed that CONCOR has plans to set up new terminals, upgrade the existing terminals and to procure high speed wagons and containers to provide better services to the customers.

6. It was pointed out by the Committee that there is no ICD in Bihar. In this regard, the Committee have been intimated that CONCOR plans to set up an ICD at Fatua, Bihar.

7. When enquired about the progress of container terminal at Chinchwad, the Committee have been informed that CONCOR has developed Chinchwad facility and plans to commission it very shortly

8. In the Brief submitted to the Committee it has been stated that containers of Exim Cargo belong to shipping lines. Containers for domestic traffic, however, have to be provided by CONCOR. The Company presently owns 3800 containers. About 4000 containers are taken on operational lease bringing the total population to about 7800.

When enquired about the sources as well as the terms and conditions on which containers are obtained on operational lease, the Committee have been informed containers are procured from private sector companies on either operational or financial lease for a period ranging between 6 months to 3 years depending on the operational requirement. The rent for these containers is paid on per day basis.

When desired to know the parties from whom the containers have been taken on lease, the Committee have been intimated that containers were leased from various leasing companies but for the past 4 years CONCOR is following a policy of purchasing containers. These have been procured from indigenous manufacturers but unfortunately there are only one or two manufacturers still in business in the country. The export demand for containers has been stopped completely due to competition from China.

9. In the Background Note furnished to the Committee, it has been stated that CONCOR currently owns all the container flat cars operating on the

Indian Railways system. 1257 second hand wagons were acquired from IR and 1725 modern high speed flat wagons were purchased from the market. Indian Railways are also using some of their old unloadable box wagons for the carriage of containers.

When enquired about the programme/plan, if any, for conversion of existing second hand wagons of CONCOR into high speed wagons, it has been informed that it is not technically feasible.

10. Some of the business expansion programmes commissioned / underway which have been mentioned about in the Annual Report of the Corporation, are as under:-

- (i) LCL consolidation services from Moradabad, Tughlakabad (Delhi), Kanpur, Agra, Sabarmati (Ahmedabad) and Indore which are also to be extended to other ICDs.
- (ii) New rail-linked EXIM terminals at Kanpur and Vadodara.
- (iii) Rail Road Transfer facility at Jamuna Bridge (Agra).
- (iv) Construction of modern ware houses at Whitefield (Bangalore) and Bonded ware house at Chennai.
- (v) Routine Over Haul (ROH) facility at Tughlakabad (Delhi).
- (vi) Expansion works at Moradabad, Nagpur, Aurangabad, New Mulund (Mumbai), Bangalore and Ludhiana.

When enquired about the time / cost over-runs in the completion of the projects, the Committee have been informed that time schedule of projects varies upto 36 months. Time over run are normally due to delay in acquisition of land or issue of statutory notification. There are no cost over runs due to delay in completion because of imposition of severe penalties in the contract.

11. It has been stated in the Annual Report of the Corporation (2000-01) that the following services were introduced during the year :-

- (i) Time tabled freight train (CONTRAC Service) from Shalimar (Calcutta) to Tondiarpet (Chennai).
- (ii) Millennium Parcel Train from Delhi to Chennai.
- (iii) Extension of Air Cargo Services - which were introduced from Bangalore earlier - to places like Indore, Ahmedabad and Secunderabad.

It has also been informed to the Committee that operation of the above mentioned services have been evaluated and found to be profitable.

12. When asked to specify the reasons for initiating air cargo services, the Committee have been informed that air cargo services were initiated for aggregating exim cargo at location where there were no direct foreign airline services and transporting the cargo in bonded trucks to location where such services were operating e.g. Bangalore to Chennai for Air France.

13. The International and Domestic cargo handled by the Corporation in the last ten years is as under:

(in TEUs)

Year	International	Domestic
1991-92	95782	12495
1992-93	122645	32940
1993-94	188347	48824
1994-95	275615	127017
1995-96	349141	244977
1996-97	424741	278801
1997-98	491481	230238
1998-99	576790	225156
1999-2000	664490	238661
2000-01	753368	291360

TEUs - Twenty Equivalent Units.

14. When asked about the measures being taken to upgrade / modernise the cargo handling / haulage facilities and other services in the terminals, the Committee have been informed that the upgradation of the existing terminals to provide world class facilities to the trade is on-going process. The upgradation of the terminals include:-

- Conversion of asphalt paving to CC block paving
- Upgradation of wagons from air brakes to vacuum brakes
- Introduction of reach stackers in place of sling cranes
- Introduction of a container tracking system
- Introduction of specialized warehousing facilities.

When enquired about the percentage of market share of containerised domestic and international cargo handled by CONCOR in each of the years, the Committee have been informed that as road sector is not very organised, it is difficult to get reliable data regarding the goods moved by road sector. However, it is learnt that rail share of total tonnage cargo carried within the country is approx. 40%. CONCOR by now is carrying approx. 2% of Railways tonnage.

On being asked as to why CONCOR comprise 2% of Railway tonnage, the Committee have been informed that the containerized movement on Indian Railways is only 2% of the total tonnage moved by Indian Railways primarily because over 90% of Indian Railways traffic is bulk movement of goods which is not considered.

15. To a query about competing with the private sector, the Committee have been informed that CONCOR is in fact attracting back to Indian Railways through containerization, the general goods cargo which, over the

years, Indian had lost to the road. Thus CONCOR is competing in its services with the private road movement of cargo. The Company is doing this by marketing for two-way traffic and bench marking tariffs of the Company with the road sector. The tariffs, therefore, very depending on the market conditions.

16. The net profit earned by the Corporation in the last ten years from 1991-92 to 2000-01 is shown in the Table below :-

(Rs. in crores)

YEAR	NET PROFIT
1991-92	13.20
1992-93	16.93
1993-94	21.02
1994-95	23.89
1995-96	52.23
1996-97	95.25
1997-98	115.80
1998-99	140.66
1999-2000	177.59
2000-01	216.65

The Committee have been informed that CONCOR has shown a consistent growth in its financial performance. The financial targets set by the company have been achieved due to CONCORs efforts over the years in the identification of new markets like Domestic traffic, LCL consolidation, Bonded warehousing, Air cargo facilities, etc.

17. CONCOR's contribution to the Indian Railways by way of payment of freight charges and license fees during the years from 1995-96 to 2000-01 is shown in the Table below :-

(Rs. in crores)

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Freight paid to Railways	219.00	286.00	330.00	364.05	408.00	547.00
License fees paid to Railways	3.80	5.60	6.00	7.00	8.49	10.07
Dividend	5.90	10.00	10.00	18.49	22.20	27.4

On the question of methods / modalities involved in calculating the freight charges payable by CONCOR to the Indian Railways, it has been informed to the Committee that Haulage charges are paid as per rates prescribed by Railways for empty and loaded containers. These rates are revised annually by the Ministry of Railways.

When asked the reasons for paying license fee to the Railways in addition to the freight charges, the Committee have been informed that license fee is payable for the land leased to CONCOR by Railways for setting up of terminals. These charges are also prescribed by the Indian Railways and paid on the basis of number of TEUs handled in each terminal.

To a query about payment of demurrage by CONCOR to ports, the Committee have been informed that CONCOR does not pay any demurrage to ports as the responsibility for loading and unloading lies with the port.

18. As per the Balance Sheet for the year ending 31st March, 2001, the total worth of reserves and surpluses of the Corporation stood at Rs.711.43 crore during the year.

When enquired about the methods/modalities involved in parking the reserve/surplus funds of the Corporation, the Committee have been apprised that reserves have been deployed to fund the capital expenditure on infrastructure. Surplus funds are invested in fixed income instruments in terms of the guidelines issued by the Department of Public Enterprises.

19. When enquired whether the Corporation resorts to borrowings from the market for its business operations, the Committee have been informed that CONCOR does not resort to borrowing funds for carrying on its daily activities. These are usually financed through internal accruals. However, CONCOR has taken a World Bank Loan for purchase of Bogie container Flat Wagons capable of running at speeds of 100 km/hr. this service has been highly appreciated by trade and has proven to be a huge success.

20. On the issue of privatisation of port activities, the Committee have been intimated that privatisation of ports results in the infusion of additional funds into these ports. This will enable the ports to modernize their handling capabilities and focus more on containerization which is the preferred mode of transportation. Modernisation will enable the port to enable them to carry out their activities more efficiently and will encourage bigger ships to call at

these ports. CONCOR may thus expect better growth of business. CONCOR plays no role in privatization of ports.

21. It has been reported in the Annual Report that CONCOR has decided to terminate Tranche-II contract awarded to M/s Cimmco Birla Ltd. (CIMMCO) for procurement of wagons under the World Bank aided project as CIMMCO could deliver only four rakes out of the total commitment of thirty rakes and the company was facing imminent bankruptcy.

22. When asked about the total World Bank funds committed and withdrawn so far, the terms of assistance and the time schedule of the project, it has been informed to the Committee that a loan agreement between International Bank for Reconstruction and Development (World Bank) and CONCOR has been signed for Container Transport Logistics Project for an amount of US\$ 94 million which has been reduced to US\$ 79 million. As against the committed funds of US\$79 million CONCOR has withdrawn 471.93 US\$ in lakh upto 30th September, 2001. The loan is repayable over a period of 15 years. The first half yearly payment starting from February 15, 2000. CONCOR has to repay this loan amount alongwith interest at the rates prescribed by the World Bank.

23. When enquired about the amount paid as advance to M/s Cimmco Ltd. (CIMMCO) and the likelihood of recovering the remaining advance amount following the termination of the supply contract, the Committee have been informed that total amount of advance paid to M/s Cimmco Birla Limited was

Rs. 20.78 crore and US\$ 30,00,000 (3 million). This advance has already been completely recovered by adjusting it from the price of four rakes (180 wagons) supplied by M/s. Cimmco Birla Limited and encashment of bank Guarantee provided by M/s. Cimmco Birla Limited, for the advance payment.

24. When enquired whether the World Bank Loan is cheaper than Corporation's own funds, the Committee have been informed that the World Bank loan used to fund the wagons was available at a cheaper cost than the own funds of the Corporation.

25. When asked to state the reasons for not approaching Central Public Sector Undertakings such as BEML, who not only manufacture wagons but are also assured sources of supply with their order book position being slender, the Committee have been informed that since it is a World Bank funded project, the tender was floated in terms of World Bank's procurement Guidelines with the approval of the World Bank. The lowest suitable offer was awarded the Contract after approval of the World Bank. M/s BEML had not participated in the tender. The contract however, went to an indigenous contract for supply of wagons did not go to various PSU manufacturers as they did not fulfill the qualifying criteria on technical grounds.

26. It has been stated in Note 15 of Schedule II of the Annual Report (2000-01) that 80 containers have been reported as missing during the year

of which 19 containers have since been traced and that the company is presently in the process of tracing the remaining containers.

27. When enquired about the latest position of the missing containers, the Committee have been informed that the container is a moving asset which moves on the Railway circuit. These containers are also sent to the customers premises for picking up the cargo and its delivery. As the containers are on move always a census is taken on a nominated day to ascertain their availability with CONCOR. The containers which have been recorded on the nominated day are tallied with the records kept with CONCOR. Those containers which do not get tallied are considered missing and efforts are made to trace them out. As soon as these are traced they are removed from the list of missing containers. Exercise of tracing missing containers is still on and there is no change in the position given in the Annual report 2000-01.

28. When enquired whether all containers and wagons are numbered, the Committee have been intimated that containers and wagons all have individual unique numbers and are tracked through an annual census. The system is not perfect but CONCOR is investing in computerized tracking systems which will enable the company to maintain better control on the population of containers. The number of missing containers reported is basically an accounting anomaly which will be removed once the computerized systems are in place.

29. About the average turnaround of a container, the Committee have been informed that the turnaround of a container is dependent upon the actual transit times of the movement on a particular stream and whether it is a door delivery or terminal to terminal movement. By gearing up the systems the average turnaround has been reduced to 14 days.

30. It has been stated in the Annual Report (2000-01) that the Madhya Pradesh State Warehousing Corporation (MPSWC) who had entered into an understanding with CONCOR in 1995 for setting up an Inland Container Depot (ICD) at Malanpur (Gwalior) by sharing equity and profit and loss on 50 : 50 basis has desired to move out of the project and has sought refund of the amount of Rs.74 lakh contributed with interest @ 15%.

When enquired as to why MPSWC has decided to opt out of the company's business agreement, the Committee have been informed that MPSWC business agreement is not giving proper returns to either party and hence is being dissolved.

When asked to specify the present status of the matter and the financial implications on CONCOR in the event of MPSWC pulling out of the project, the Committee have been informed that during the year, MPSWC has expressed its desire to move out of this project and simultaneously has sought refund of amount contributed by them. The matter is currently under discussion with MPSWC for mutual settlement. The financial implications on

CONCOR in the event of M/s. MPSWC pulling out of the project will be known only after some agreement is reached with them.

31. As per the information furnished to the Committee, the Board of Directors of CONCOR consists of a Part time Chairman, a Managing Director, two Functional Directors, two Government Directors and three Non-official Part-time Directors.

About the vacancies in the Board of Directors, the Committee have been informed that at present there is one vacancy in the Board of Directors. Director Domestic Division is vacant from 19.07.2001. Selection for this post has already been completed by the PESB whose recommendations have been submitted to the Government. Appointment orders are yet to be issued by Government of India.

About the commitment level of the senior management, the Committee have been apprised that even though a fair part of the management are drawn from the Indian Railways, the Board of Directors are appointed on five years contract after severing all links with their ex-employers. Many deputationists are being permanently absorbed hence commitment is total.

32. When asked whether any review has been carried out to suggest changes in organisational structure and in the decision making powers in the Corporation particularly in the light of the deregulation witnessed in the multi-modal transport sector in the recent years where private enterprises have been allowed to set-up container depots, the Committee have been informed

that specifically no review has been carried out to suggest changes in organizational structure. However, in light of the growing competition in the multi-modal transport sector the post of Director Marketing was bifurcated into Director International Marketing and Director Domestic marketing. It was found essential to have such a bifurcation so as to provide a greater focus to the respective segments.

33. CONCOR has been granted enhanced autonomy and delegation of powers under the 'Mini-Ratna' dispensation conferred upon it by the Government.

When enquired about the benefits of the Mini-Ratna dispensation conferred on the Company in its functioning, the Committee have been informed that the Company can now independently make investment decisions to the tune of Rs. 300 crore, which makes decision making far more efficient. The Company is also empowered to enter into joint ventures, which will be useful in case the Company decides to extend its business. This status also requires the company to add additional Members on to its board which enables the management to gain from the experience of the non Functional Directors.

To a query about joint ventures abroad, the Committee have been informed that CONCOR has no joint ventures abroad as yet but is in dialogue for various activities with Bangladesh and Nepal.

34. As per the Background Note, the Government have divested 37% of their equity holding in CONCOR through three disinvestment exercises in 1994-95, 1995-96 and 1998-99. The present share-holding pattern of the Corporation is as under:-

Government of India	63%
Others	37%

Expressing views on the disinvestment in the Corporation, the Committee have been informed that when CONCOR came up for consideration before Disinvestment Commission, Government had already divested the Company to the extent of 23%. For various reasons Disinvestment Commission recommended that CONCOR should continue to be in the core sector and disinvestment in the Company should be only upto maximum of 49%. Keeping in view the disinvestment already done in the Company, Commission recommended that disinvestment of Government holding may be restricted to 100 lakh shares and the company may also go in for Public issue of 125 lakh shares. This would bring down holding to around 51%. As result of disinvestment Commission recommendations, CONCOR sold 90 lakh shares of Government @ Rs. 250 per share in November, 1998. As company has comfortable position of funds it has not yet decided to go for public issue.

35. As per the information furnished to the Committee, the total staff strength of CONCOR is 750 only, of which 7.6% are deputationists from

Railways, Customs and other organisations. The present manpower is adequate.

36. About the contract labour, it has been informed to the Committee that contract labourers are engaged by the contractors and CONCOR as principal employer ensure that the statutory obligations such as PF, ESI, minimum wages etc. are complied with. The Supreme Court judgment does not have any impact on existing contract labourers as the contract laboureres have not been employed for prohibited activities.

37. When enquired whether the Corporation is having an Employees Stock Option Scheme in the Company, it has been informed to the Committee that productivity linked incentives scheme has been introduced for CONCOR employees which is strictly linked to the financial performance of the company.

38. About the computerisation / information technology upgradation measures being undertaken for improving the business efficiency of the Corporation, the Committee have been informed that computerisation of functions in the corporation has taken place in a piecemeal manner along with the gradual growth of the corporaiton, with attention being concentrated naturally in key areas of concern. Thus ICD/Tughlakabad has the benefit of complex custom-made software to look after Export and Import functions. All other locations are either on manual-mode or functioning on simple stand-

alone software developed in-house, which may not, or may only partially, integrate all the processes.

Following are the goals of the proposed computerization in the Company:

- To implement automation of commercial, operational, personnel and financial functions in an integrated scheme.
- To enforce standardized processes to the extent desirable through uniform software systems.
- To ensure that the systems can be quickly and easily implemented in new facilities as and when they are commissioned.
- To ensure maximum cost-benefit solutions.

All existing systems to be web-enabled for customer interface as far as possible.

39. When asked to state whether the Corporation propose to make use of the optic fibre cable facility available with the Railways for enabling connectivity of the Corporation's container terminals, the Committee have been informed that the same does not have full coverage of all the location of CONCOR terminals. CONCOR will have to develop an alternative communication network. Railways facilities will be evaluated as per requirement.

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

RECOMMENDATION NO. 1

COMPUTERISATION OF OPERATIONS

The Committee note that the computerisation of the commercial, operational, financial and personnel functions of CONCOR has so far been undertaken only in a piece-meal manner. Except for the Inland Container Depot at Tuglakabad, all other locations are either on manual-mode or functioning on simple stand-alone software that has been developed in-house. The Committee feel that there is an urgent need to completely computerise all the operations of CONCOR so that there is speed and efficiency in dealing with the customers and to effect speedy delivery of cargo. The Committee, therefore, recommend that computerisation of all the activities of CONCOR should be undertaken on a war-footing, integrating all the processes and by networking all the terminals/depots. The system should be web-enabled for proper customer interface so that there is greater consumer satisfaction and better service delivery. The Committee desire that a specific time-frame should be fixed for undertaking computerisation of operations in CONCOR.

RECOMMENDATION NO. 2

PROJECT IMPLEMENTATION

The Committee note that at seven places new terminals are being set up by CONCOR and in respect of several other existing terminals, work for expansion is going on. Apart from this, there are proposals to locate a few more terminals in various parts of the country. The Committee note that the work for establishment of a new Inland Container Depot at Jaipur has not been able to achieve the targeted progress in the year 2000-01. The Committee have been informed that CONCOR has developed ISD facilities at Chinchwad near Pune and there are plans to commission it shortly. The Committee desire that special efforts should be made to speed up the work of project implementation in order to achieve the targets. They also recommend that appropriate measures should be taken to connect the Chinchwad Container Terminal with Jawahar Lal Nehru Port at Mumbai.

RECOMMENDATION NO. 3

ACQUISITION OF HIGH SPEED CONTAINERS

The Committee note that CONCOR has taken a World Bank loan for purchase of Bogie Container Flat Wagons capable of running at a speed of 100 km/hr. The service rendered by these high speed wagons has been highly appreciated by the trade and it has proved to be a huge success. The Committee desire that CONCOR should consider acquiring more such modern high speed flat wagons in order to tone up the efficiency of the commercial operations of the Corporation. While placing orders for purchase of wagons and other items, the Committee desire that the Corporation should prefer placing orders on Central/Public Sector Undertakings, which have a huge unutilised capacity for manufacture and, therefore, can offer them at very competitive rates.

RECOMMENDATION NO. 4

PROPER UTILISATION OF EXISTING INFRASTRUCTURE

The Committee note that only 2 per cent of the total tonnage moved by the Indian Railways is containerised and the concept of containerisation has not gained popularity in India. The Committee feel that there is a need to popularise the concept of containerised movement of goods in the interest of the national economy. The Committee desire that more efforts should be made to maximise profits by identifying two-way routes which have high unexploited commercial potential. The Committee also desire that there is a need to focus on capturing the movement of goods that takes place in the road sector. The Committee further desire that the number of rounds made by the containers should be increased by intensifying the monitoring activity so that more benefits can be derived from the existing asset base.

RECOMMENDATION NO. 5

JOINT VENTURES

The Committee note that consequent upon the conferment of Mini Ratna dispensation, CONCOR is now empowered to enter into joint ventures. The Committee have been informed that the Corporation is in dialogue with Bangladesh and Nepal for entering into joint ventures. The Committee also note that since its inception CONCOR has shown a consistent growth in its financial performance and the financial targets set by the company have been achieved due to its efforts over the years in the identification of new markets like Domestic Traffic, LCL consolidation, Bonded Warehousing, Air cargo facilities, etc. The Committee have also been informed that the terminal facilities provided for are as per international specifications and international quality equipment are used for handling and transportation. The Committee are of the view that CONCOR which is having an internationally competitive infrastructure coupled with the strong financial base should go in for setting up Joint Ventures abroad. The Committee, therefore, recommend that the efforts for entering into joint ventures with foreign countries should be expedited which will not only help CONCOR in acquiring latest imported technology but also

would help tap the international market, thus enlarging its market share in the sector.

RECOMMENDATION NO. 6

MISSING OF CONTAINERS

The Committee note that during the year 2000-2001, eighty containers went missing. The Committee have been informed that out of these 80 containers, 19 have since been traced and that the remaining ones are in the process of being traced. The Committee have been informed that container is a moving asset which moves on the Railway circuit, and at times, is sent to the customer's premises for picking up the cargo and its delivery. As the containers are always on the move, a census is taken on a nominated day to ascertain their availability with CONCOR. The containers which have been recorded on the nominated day are tallied with the records kept with CONCOR. Those containers which do not get tallied are considered missing and efforts are made to trace them out. As soon as they are traced they are removed from the list of missing containers. The Committee have been further informed that the number of missing containers reported is basically an accounting anomaly. The Committee are constrained to observe that the system for keeping track of the number of containers available with CONCOR is not perfect. The Committee recommend that the CONCOR should go in for investment in computerised tracking systems which will not only enable the Company to maintain better control

on the population of containers but also to remove the accounting anomaly likely to arise in the process. The Committee are surprised to note that no enquiry has been conducted about the missing containers and responsibility has not been fixed on any officer in the matter so far. The Committee feel that the absence of such an enquiry has resulted in the development of a very casual attitude on the part of the employees. The Committee feel that an enquiry into such matters would have brought forth the systemic inadequacies which ought to be remedied by devising suitable methodologies. Therefore, the Committee recommend that an enquiry into the instances of missing containers should be immediately instituted so that there is seriousness inculcated in the minds of the employees and also a proper system is evolved to avoid the missing of containers hereafter.

RECOMMENDATION NO. 7

EMPLOYEES STOCK OPTION SCHEME

The Committee have been informed that the staff strength of CONCOR is 750 out of which 7.6% are deputationists from Railways and other organisations. The Committee have further been informed that Productivity Linked Incentives Scheme has been introduced for CONCOR employees which is strictly linked to the financial performance of the Company. The Committee recommend that CONCOR should design and introduce an Employees Stock Option Scheme in order to have greater workers participation in the functioning and decision making process of the Company.

RECOMMENDATION NO. 8

APPOINTMENT OF DIRECTOR (DOMESTIC DIVISION)

The Committee have been informed that in the light of growing competition in the multi-modal transport sector, the CONCOR bifurcated the post of Director (Marketing) into Director (International Marketing) and Director (Domestic Marketing) so as to provide a greater focus on the growth of the respective segments. The Committee note that the post of Director (Domestic Division) in the Board of Directors is vacant since 19.07.2001. The Committee have been informed that the selection process for filling this post has already been completed by the Public Enterprises Selection Board (PESB) whose recommendations have been submitted to the Government. However, the appointment order is yet to be issued by the Government. The Committee recommend that the post should be filled up immediately in order to develop a focus on the domestic traffic sector and to meet the challenges in the sector posed by the entry of private operators in the scene.

RECOMMENDATION NO. 9

MANPOWER AUDIT

The Committee note that no manpower audit by an outside agency has been got conducted by the CONCOR till now. Since expenditure on manpower is an important element in determining the profit margins and competitiveness of the enterprise, the Committee recommend that CONCOR should immediately take appropriate action to decide about the right size of man-power required for the organisation.

ANNEXURE – I

**TOUR PROGRAMME OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS TO BHUBANESWAR, MUMBAI AND KOLKATA
FROM 16TH TO 19TH JANUARY, 2002 AS ACTUALLY PERFORMED
(MEMBERS ASSEMBLED AT BHUBANESWAR)**

<u>DATE AND DAY</u>	<u>TIME</u>	<u>VISIT & DISCUSSION</u>
16.1.2002 (Wednesday)	1630 hrs	Discussion with the officials of Mahanadi Coalfields Limited
(NIGHT HALT AT BHUBANESWAR)		
17.1.2002 (Thursday)	1000 hrs	Discussion with the officials of MECON (India) Limited
	1215 hrs	Departure for Mumbai by IC-169 (1345 hrs)
	1600 hrs	Arrival Mumbai
(NIGHT HALT AT MUMBAI)		
18.1.2002 (Friday)	1000 hrs	Discussion with the officials of Engineers India Limited
	1145 hrs	Discussion with the officials of Container Corporation of India Limited
	1530 hrs	Departure for Kolkata by IC-274 (1635 hrs)
	1915 hrs	Arrival Kolkata
(NIGHT HALT AT KOLKATA)		
19.1.2002 (Saturday)	0930 hrs	Discussion with the officials of Coal India Limited
	1145 hrs	Discussion with the officials of MSTC Limited
	1300 hrs	Discussion with the officials of Hindustan Steel Works Construction Limited

DISPERSAL

ANNEXURE – II

**COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS
WHICH VISITED BHUBANESWAR, MUMBAI AND KOLKATA FROM
16TH TO 19TH JANUARY, 2002**

S. NO.	NAME	DATE OF JOINING	DATE OF LEAVING
1.	Prof Vijay Kumar Malhotra, Chairman	16.1.2002 Bhubaneswar	19.1.2002 Kolkata
2.	Shri Prasanna Acharya	16.1.2002 Bhubaneswar	17.1.2002 Bhubaneswar
3.	Shri Sudip Bandyopadhyay	18.1.2002 Kolkata	19.1.2002 Kolkata
4.	Shri Ram Tahal Chaudhary	17.1.2002 Mumbai	19.1.2002 Kolkata
5.	Smt Sangeeta Kumari Singh Deo	16.1.2002 Bhubaneswar	18.1.2002 Mumbai
6.	Shri C K Jaffer Sharief	16.1.2002 Mumbai	19.1.2002 Mumbai
7.	Shri Vilas Muttemwar	17.1.2002 Mumbai	18.1.2002 Mumbai
8.	Shri C P Radhakrishnan	16.1.2002 Bhubaneswar	19.1.2002 Kolkata
9.	Shri Tarit Baran Topdar	18.1.2002 Mumbai	19.1.2002 Kolkata
10.	Shri Suresh Kalmadi	16.1.2002 Bhubaneswar	18.1.2002 Mumbai
11.	Shri Jibon Roy	17.1.2002 Mumbai	19.1.2002 Kolkata
12.	Shri B P Singhal	16.1.2002 Bhubaneswar	19.1.2002 Kolkata
13.	Shri C. P. Thirunavukkarasu	17.1.2002 Bhubaneswar	19.1.2002 Kolkata
14.	Shri Ranjan Prasad Yadav	17.1.2002 Mumbai	19.1.2002 Kolkata
SECRETARIAT			
1.	Shri S Bal Shekar, Director		
2.	Shri L N Gaur, Under Secretary		
3.	Shri Raj Kumar Under Secretary		
4.	Shri Girdhari Lal Executive Asstt.		

ANNEXURE – III

**LIST OF OFFICIALS OF CONTAINER CORPORATION OF INDIA
LIMITED WHO WERE PRESENT DURING DISCUSSION WITH
THE COMMITTEE ON PUBLIC UNDERTAKINGS AT MUMBAI ON
18.01.2002**

- | | | |
|----|-----------------------|--|
| 1. | Shri A.K. Kohli | Managing Director |
| 2. | Shri Birkhe Ram | Director (Finance) |
| 3. | Shri P.G. Thyagarajan | Director (Intl. Mktg. & Ops) |
| 4. | Smt. Runa Mukherjee | Group General Manager (Finance). |
| 5. | Shri Mukul Jain | Chief General Manager (Western Region) |
| 6. | Shri Arvind Bhatnagar | Group General Manager |