

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1981-82)**

(SEVENTH LOK SABHA)

TWENTY-SEVENTH REPORT

ON

**HINDUSTAN TELEPRINTERS LTD.—
NEW PROJECTS**

(Ministry of Communications)

Presented to Lok Sabha on 23.12.1981

and

Laid in Rajya Sabha on 23.12.1981



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1981/Agrahayana, 1903 (S)

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<u>Page</u> <u>No.</u>	<u>Para</u> <u>No.</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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**COMMITTEE ON PUBLIC UNDERTAKINGS
(1981-82)**

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**STUDY GROUP II ON NATIONAL TEXTILE CORPORATION,
MINERALS & METALS TRADING CORPORATION AND CER-
TAIN ASPECTS OF INDIAN TELEPHONE INDUSTRIES LTD.,
HINDUSTAN TELEPRINTERS LTD. AND ELECTRONIC & TECH-
NOLOGY DEVELOPMENT CORPORATION LTD.**

1. Shri B. K. Nair—*Convener*
2. Shri Darur Pullaiah
3. Shri Niren Ghosh
4. Shri Arif Mohammad Khan
5. Shri Phool Chand Verma

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Twenty-seventh Report on Hindustan Teleprinters Ltd.—
New Projects.

2. The Committee also examined Paragraph 8 of the Report of the Comptroller & Auditor General of India, Union Government (Commercial) 1975, Part III on the Hindustan Teleprinters Ltd.

3. The Committee took evidence of the representatives of Hindustan Teleprinters Ltd. on 23 September, 1981 and Ministries of Communications and Industry (Department of Industrial Development) on 26 September, 1981.

4. The Committee considered and adopted the Report at their sitting held on 17 December, 1981.

5. The Committee wish to express their thanks to the Ministries of Communications and Industry (Department of Industrial Development) and the Hindustan Teleprinters Ltd. for placing before them the material and information they wanted in connection with the examination of the subject. They wish to thank in particular the representatives of the Ministries of Communications and Industry (Department of Industrial Development) and the Hindustan Teleprinters Ltd. who gave evidence and placed their considered views before the Committee.

6. The Committee also place on record their appreciation of the assistance rendered to them by the Comptroller & Auditor General of India.

NEW DELHI;
December 21, 1981
Pausa 30, 1903 (S).

BANSI LAL
Chairman,
Committee on Public Undertakings.

HINDUSTAN TELEPRINTERS LTD.—NEW PROJECTS

The Hindustan Teleprinters Ltd. was set up in December, 1960 to manufacture electro-mechanical teleprinters and other ancillary equipment.

1. Diversification

2. According to Audit, in pursuance of a direction of the Board of the HTL the Management suggested (June 1969) manufacture of electronic calculating machines, electric typewriters and power plants for telex and telephone exchanges as possible lines for diversification. The Board generally agreed to the taking up of the manufacture of these items but directed that a market survey for assessing the potential demand for electric calculators and electric typewriters should be conducted. While reviewing the progress of the Fourth Plan Projects in March, 1972, the scheme for the manufacture of electric calculators was however dropped.

2. Electric typewriters

1-Old Project

3. HTL decided to take up production of electric typewriters as according to it, the techniques of manufacture and assembly of electric typewriters were similar in many respects to those of electro-mechanical teleprinters and other equipment. Various Ministries, Departments, established commercial firms etc. were addressed by HTL in 1969 to assess the need for electric typewriters and based on the results of these enquiries, the company had been registered with the Director General of Technical Development for the manufacture of 500 electric typewriters per annum. It was felt subsequently that the capacity of 500 nos. might not be economical in the long run. The officers of HTL had discussions with DGTD and were advised to draw up a project report for the manufacture of 4000 electric typewriters. In November, 1972 the HTL prepared a project report for the manufacture of electric typewriters of the design developed entirely by the company with a capacity of 4000 typewriters per year to be achieved in the course of 4 years (1975—79) in stages of 1000, 2000, 3000 and 4000 respectively per year. The estimated capital cost of the project was Rs. 72.88 lakhs with a foreign exchange component of Rs. 14.73 lakhs. The project was approved by Government in September, 1973. The actual expenditure incurred on the project was Rs. 62.04 lakhs.

4. The commercial production for the first batch of electric typewriters was started in February, 1975. According to Audit the actual production during 1975-76 to 1978-79 was as under:

1975-76	168
1976-77	205
1977-78	273
1978-79	103

The Committee were informed that the project was discarded in 1978-79 due to the following defects noticed in the electric typewriters:—

- (i) Sluggish response to key operation
- (ii) Lack of uniformity in type impression
- (iii) Noisy operation
- (iv) Jamming of letters
- (v) Frequent failures and repeated customers complaint
- (vi) Design not cost effective—cost of production higher than sale value
- (vii) The machine did not work at temperature below 20°C.

5. The Committee enquired about the reasons for various defects in the typewriter. The Chairman and Managing Director, HTL stated that the design of electric typewriter was copied from the Underwood typewriter. It developed a lot of faults because the design was copied without the spirit of the design. Secondly it was not a cost effective design because by the time the product was put on the market the whole technology had changed. When this was put to the Secretary, Ministry of Communications, he said: "On the basis of what we know, I cannot deny that there was faulty decision making at various levels."

6. The Committee enquired whether any prototype of the electric typewriter was produced and tested before taking up commercial production. They were informed that three prototypes were produced and these were used internally. No other test was carried out. Only in 1978 it was subjected to a rigorous test in the laboratory. Asked as to why the prototype was not subjected to rigorous test in the beginning, the CMD stated "that they have not been able to get any information on this." The Secretary, Ministry of Communications admitted in evidence that the users test of prototype was not done adequately at that point of time and added: "If all the

tests had been done on the prototype this mistake might have been avoided. Even if it was felt that the project should be avoided it could have been abandoned without making so much investment."

7. The Committee enquired whether the DGTD satisfied itself about capability of HTL to produce electric typewriters before issuing industrial license. They were informed that even though a number of discussions were held by DGTD with the company yet no direct appraisal was apparently made and reported about the technology competence and ability of the company to implement this project. There was nothing on record to show whether the proposed technology was subjected to any test or assessment by the DGTD. In this connection, the Secretary of the Ministry of Industrial Development stated in evidence before the Committee:—

"So far as project proposals from the private sector are concerned, they are subject to two types of scrutiny. One is a technical scrutiny by the DGTD as also by the Administrative Ministry, if they have a technical scrutiny apparatus or a wing and second, a project scrutiny from different angles by different committees set up by the Government. As far as public sector projects are concerned, the scrutiny structure is slightly different."

Elaborating the procedure in the case of public sector projects, he stated:

"As it is a public sector activity these are the matters which have to be considered by the administrative Ministry before it takes investment decisions. For investment sanctions there are procedures of EFC, PIB and Union Cabinet. These aspects about prototype technology, capability, investment and returns are expected to be gone into by the administrative Ministry and we do feel that the administrative Ministry must have gone into the same."

8. Asked on what basis did the Ministry satisfy itself after scrutinising the proposal that the HTL had the capability to manufacture electric typewriters, the Secretary, Ministry of Communications stated:

"We do not have expertise in the Ministry outside HTL in regard to electric typewriter. It was therefore not possible for us to scrutinise this project from the technical

point of view. Of course financial and other scrutiny we could do."

The Secretary of the Ministry of Industrial Development expressed the following views in this connection:

"If the Ministry does not have an in-house technical expertise, they can certainly call upon the experts available in other sectors of the Government, for example in the DGTD or in other specialised Ministries. It is not impossible for the Administrative Ministry to associate experts available in other wings of the Government in the scrutiny of the proposals which came before them.... If the Ministry of Communications did not have at that time the requisite in-house expertise, possibly the other agencies who had that expertise, should have been called upon to assist them. I do not know whether this was availed of. What I wanted to submit is that the Government as an organisation as a whole does not lack expertise in any area of manufacture—There are consultancy organisations in the Government and outside the Government. A second test if considered necessary by the Administrative Ministry could certainly be gone into."

Thereupon the Secretary, Ministry of Communications stated that in future wherever they did not have in-house expertise they would look for outside help.

9. The Committee desired to know as to when the defects from the first lot of 168 electric typewriters produced in 1975-76 were brought to the notice of HTL by the customers, the HTL intimated:

"These defects were brought to our notice during 1976-77. We took corrective action by modifying certain components and incorporating these modifications in the succeeding batches. The batch of 168 nos. of machines produced in 1975-76 were also brought back to the factory for updating them. Even after these modifications the defects could not be completely eliminated. It was, therefore, decided to evaluate the performance of the machines by competent external agencies. Two machines were sent to Central Machine Tools Institute and Bharat Electronics Limited both located at Bangalore who had proper facilities for testing and evaluation. The Central Machine Tools Institute identified the major problem in the Typewriter as

being the poor response of the machines to the key board in respect of some letters. To overcome this problem they suggested two alternatives.

- (1) Changing the design of the machines from friction type drive to a positive or bail type drive eliminating rollers and cams.

OR

- (2) Finding a proper rubber material with the requisite properties for sustained use under normal operating conditions.

The first alternative involved major design change of the typewriter requiring many new tools and scrapping many existing tools. It was, therefore, found prohibitively costly and also time consuming. The second alternative could not also be implemented as the composition of the rubber used in typewriter components is a closely guarded secret of the manufacturers and could not be found out. The investigations conducted by M/s. Bharat Electronics Ltd. were also on similar lines. In the light of these findings, it had to be concluded that the basic design of the Electric Typewriter developed by HTL was out-dated, unsatisfactory and not capable of rectification. It was, therefore, decided to discontinue the production of the indigenous model and to go in for foreign collaboration for producing cost effective model on a large scale."

10. The Committee enquired as to when did the failure of the project come to the notice of the Ministry. The Secretary, Ministry of Communications stated that the Ministry came to know of this in May, 1978, through a letter from the M.D., HTL the operative part of which read as follows:—

"As the electric typewriter project is not completely free from defects, the Board has decided to go slow on the project. Therefore, we will not achieve the planned targets...."

11. The Committee wanted to know the system of monitoring of the implementation and performance of the Projects approved by Government. The Secretary, Ministry of Communications stated, "Nowadays we have regular system of monitoring of the public sector undertakings. In those days, this type of regular system of monitoring of public sector performance was not adequate

in many cases. In regard to this project, it was certainly not there." When pointed out that according to the guidelines issued by BPF in 1975, quarterly performance review meetings were required to be held, the Secretary stated, "some meetings were held, but not with that regularity."

12. Asked about the cost of production per typewriter, a representative of HTL stated that they did not have the exact figure of cost of production as the facilities were common and separate allocation was not made. However, approximately the cost of manufacture was Rs. 5800/-. As regards the selling price it was stated that the total realisation for 700 typewriters sold by HTL was Rs. 28 lakhs. The Committee were also informed that some of the customers to whom typewriter had been sold wanted to return the typewriters and have the refund of the money paid because during the guarantee period of 2 years itself the typewriters had failed so many times. In respect of others the HTL were servicing them. These typewriters which had come for modifications because of deficiency in design the HTL did not charge them. No separate costing for this servicing business had however been done. According to Audit the Company had incurred a loss of Rs. 33.12 lakhs on this project (including an amount of Rs. 11.08 lakhs on account of Dies, Jigs, Fixtures and Loose Tools relating to electric typewriters written off during 1979-80). In addition, administrative overheads amounting to Rs. 3.74 lakhs which were allocable to the production of electric typewriters produced during 1975-76 to 1977-78 were recovered from the cost of the main product of the Company, viz., Teleprinters.

13. Asked as to when the final decision in regard to abandoning the project was taken and whether the Ministry was consulted in the matter, the Ministry intimated:

"The nature of deficiencies and their causes were studied by HTL in detail and the company came to the conclusion in early 1979 that there was no absolute certainty that the HTL with its limited P&D background and infrastructure would be in a position to achieve results and go out with a satisfactory design which would be functionally efficient and would be cost effective. The HTL, therefore, came to the conclusion that it was necessary to acquire know-how from an established manufacture of

electric typewriters in order to have a viable project with a proven design, which is appropriate to the Indian market and which is also cost effective. The feasibility Report for manufacture of electric typewriters in collaboration with M/s. Olivetti was prepared in August, 1979 in this background. While approving the Project for the manufacture of the new model of the electric typewriter. Government had taken note of the proposal for stopping manufacture of the indigenous model of the electric typewriter."

14. The Committee enquired whether any enquiry had been held to fix responsibility for undertaking such a faulty project the CMD, HTL stated that 'no such inquiry was held'. The Secretary of the Ministry was then asked whether there should not be some independent assessment of how the project had failed. The Secretary stated "we are now considering it whether it is required. The idea is to avoid such failures in future."

II—New Project

15. A feasibility report for new Electric Typewriter Project of HTL entailing capital cost of Rs. 395 lakhs with foreign exchange component of Rs. 155 lakhs which envisaged production of 10,000 typewriters per annum in collaboration with M/s. Olivetti of Italy was prepared by HTL in August, 1979. The project report envisaged attainment of maximum capacity of 10,000 nos. at the end of 4th year from the GO ON date. The production programme was as follows:

1981-82	2000 nos. from SKD
1982-83	3000 nos. from SKD
1983-84	5000 nos. from SKD
1984-85	10000 nos. from SKD

16. The feasibility Report was submitted by HTL to the Ministry in October, 1979. It was approved by Government only in July, 1981. As a result of delay in approval, the initial production of electric typewriters which was to start in 1981-82 was now expected to start in 1982-83. A chronological account furnished by the Ministry at the instance of the Committee of the time taken at each

level/stage in the Ministry from the date of receipt of the proposal from HTL to the approval of the project is given below:

(1)	Receipt of the Feasibility Report from Hindustan Teleprinters Ltd., Madras	16-10-1979
(2)	Examination by the Desk Officer and submission to Deputy Secretary (C)	27-11-1979
(3)	Scrutiny by the Deputy Secretary (C) and submission to AS(C)	5-12-1979
(4)	Examination by the DFA and FA and submission of the case to AS (C) with their comments	15-2-1980
(5)	Clarifications sought from Chairman and Managing Director, HTL, by Deputy Secretary	22-2-1980
(6)	Clarifications received from CMD, HTL	11-3-1980
(7)	CMD, HTL, invited for discussions with F.A., AS (C) and Member (TD), P&T Board	25-4-1980
(8)	Desk Officer was instructed to prepare to E.F.C. Memo.	28-6-1980
(9)	E.F.C. Memo put up to DS(C)	19-7-1980
(10)	Examination by the Communications Finance Branch and to submission to DS(C)	8-8-1980
(11)	Revision of the EFC Memo by DS (C) and submission to AS (C)	12-8-1980
(12)	Examination by AS(C) and issue of EFC Memo to Scrutinising Agencies	14-8-1980
(13)	H.T.L. submitted the application for foreign collaboration to the Department of Industrial Development (S.I.A.)	20-8-1980
(14)	Queries received from BPE (Construction Division)	22-8-1980
(15)	Clearance received from BPE (Production Division)	29-8-1980
(16)	Reminders issued to Planning Commission (Project Appraisal Division), Department of Economic Affairs, Department of Electronics, BPE (Finance Division) and Department of Industrial Development (SIA)	9-9-1980
(17)	Queries received from Director (PF), Ministry of Finance	10-9-1980
(18)	Queries received from Department of Electronics	19-9-1980
(19)	Queries received from Department of Economic Affairs	20-9-1980
(20)	Reminder issued to Planning Commission (PAD), BPE (Finance Division) and Deptt. of Industrial Development (S.I.A.)	22-9-1980
(21)	Queries received from Ministry of Finance, Department of Expenditure, Deptt. of Electronics, Deptt. of Economic Affairs, sent to CMD, HTL, Madras for comments on	23-9-1980
(22)	Ministry of Communications sent their comments approving the collaboration proposal of HTL, Madras, to Department of Industrial Development (SIA)	1-10-1980

(22A) Q-series received from BPL (Finance Division)	3-10-1980
(23) Do reminders issued to SIA and Planning Commission (PAD) for expediting their comments	6-10-1980
(24) Clarifications on the points raised by Director (PF) Ministry of Finance, Department of Electronics and Department of Economic Affairs sent to them on	25-10-1980
(25) Clarifications sent to BPL (Finance Division) on	31-10-1980
(26) Clearance revived from BPL (Finance Divisions)	24-11-1980
(27) F. I. B. considered the proposal for foreign collaboration in their meeting held on 29-11-1980 and made certain observations	29-11-1980
(28) H. T. L. gave clarifications in respect of points raised by F. I. B. in their meeting on 29-11-1980	3-12-1980
(29) Clarifications sent to Department of Industrial Development by Ministry of Communications on	10-12-1980
(30) Clearance on the EFC Memo received from the Planning Commission (PAD)	23-2-1981
(31) E. F. C. meeting fixed on	25-4-1981
(32) Department of Industrial Development was communicated about the change of location of the factory from Sangareddy in Andhra Pradesh to the existing location of HTL at Guindy, Madras.	1-5-1981
(33) Approval of the E. F. C. issued on	7-5-1981
(34) Reminder sent to Department of Industrial Development for expediting the clearance for foreign collaboration	25-5-1981
(35) Approval of Finance Minister accorded to the proposal of EFC	29-6-1981
(36) Letters of Intent and preparedness of Government of India to approve the terms of foreign collaboration issued on	4-7-1981
(37) Sanction of the Central Government issued on	7-7-1981

17. From a chronological statement furnished by the Ministry in respect of electronic teleprinters project dealt with later in this Report, it was noticed that the sanction for the Project, involving a capital investment of Rs. 5 crores and which was scrutinised by the Public Investment Board and approved by Cabinet Committee on Economic Affairs, was issued by Government in three months from the date of receipt of feasibility report, whereas in the case of electric typewriters project, involving a capital investment of Rs. 3.95 crores and which was approved only by EFC, the sanction was issued in 21 months. When this was pointed out to the Secretary of the Ministry, he admitted that the delay that occurred in approval of the Electric Typewriters Project was not justified.

18. The Committee referred to the delay on the part of the Desk Officer who took initially 40 days for examining the feasibility report and again 21 days to prepare Memo for consideration of the Expenditure Finance Committee and enquired whether it was necessary at all to have at the level of a Desk Officer an examination of the Project Proposals received from the public undertakings. The Secretary, Communications Ministry stated:—

“The Desk Officer has to scrutinise that all the necessary data are there before he puts up the case. He examines, for example, that the data relating to internal rate of return have been properly worked out and presented. He satisfies himself that all necessary data are there in report. He is supposed to discharge a sort of memory function in the Ministry while examining the Project reports. But he does not have the expertise to examine the fundamentals of the Projects.”

He added that “the Desk Officer should not have taken long to put the case up.certainly he should not take 40 days . . .”

19. When pointed out that although the various scrutinising agencies were expected to give their clearance or comments within 15 days as per norms laid down by Government, they took inordinately long time, the Secretary stated that “in so far as external agencies are concerned, I feel that they took a little longer in this case probably because they did not consider it such a high priority project.”

20. Asked about the experience of the Communications Ministry in regard to other project approvals, the Secretary, Communications Ministry stated:—

“Previously, there was inordinate delay. I would not claim that there are no avoidable delays now, but we are trying our level best continuously to cut down delay to the extent possible. But in some cases it happens that delay is caused by agencies external to the Ministry, which are not within our control.”

In reply to a further question, the Secretary informed the Committee that the Ministry proposed to lay down a time limit for examining the projects received from their public undertakings. In a note furnished subsequently, the Ministry intimated that they had decided to fix the following time limits for examining such cases at different stages/levels:—

1. Scrutiny of feasibility report by Desk officer with a view to checking up whether the report has been prepared according to the "guidelines for the Preparation of feasibility report for industrial projects and updating/modifying draft Expenditure Finance Committee (EFC)/Public Investment Board (PIB) Memo received from the public undertakings for its onward transmission to various appraising agencies viz. Bureau of Public Enterprises, Planning Commission, Ministry of Finance etc. 15 days
2. Processing by Communications Finance Branch 14 days
3. Modification of EFC/PIB Memo in the light of clarification from Communications Finance Branch and its despatch to appraising agencies. 14 days
4. Issue of clarification for queries raised by appraising agencies. 14 days

For EFC Cases

- 5(a) Fixation of date of meeting of the Expenditure Finance Committee in consultation with Secretary (Expenditure) (Chairman, EFC) and issuance of notice to all the appraising agencies for the aforesaid meeting to be arranged by Communications Finance Branch. 15 days
- 6(a) Drawing up minutes of EFC Meeting and their approval by Additional Secretary (Communications) for its vetting by Secretary (Expenditure). 10 days
- 7(a) Issuance of sanction of Central Government to the proposal after receipt of approval of Minister (C) and Finance Minister. 7 days

PIB Cases

- 5(b) Pre-PIB Meeting to be taken by Financial Adviser (Communications) and issuing notices to the concerned officers of the appraising agencies. 15 days
- 6(b) Despatch of PIB Memo (40 copies) along with the minutes of Pre-PIB Meeting to Plan Finance Division, Ministry of Finance, with a request to include this item in the next PIB Meeting. 7 days
- 7(b) Preparation of Draft Note for Cabinet Committee on Economic Affairs. 10 days
- 8(b) Submission of 40 copies of the note to the Cabinet Committee on Economic Affairs after obtaining the approval from Secretary (Communications). 3 days
- 9(b) After receipt of the minutes of the Cabinet Committee on Economic Affairs, approving the proposal issuance of the sanction of the Central Government for the Project. 10 days

21. The Committee enquired whether any market survey was carried out before deciding to establish production of 10,000 typewriters per year. The CMD, HTL stated in evidence that Tata Consultants had done the survey for them. They indicated a demand of 12,000 to 15,000 per year for electric typewriters. HTL had been given the licence for manufacture of 15,000 typewriters per annum. Asked whether there were any other competitors in this field, the witness stated that there was no established competitor in the field. But M/s. Remington Rand has been issued a letter of intent in July, 1981 for manufacture of 15,000 typewriters per annum in collaboration with M/s. Triumph Adler of West Germany.

22. In the course of evidence of the Ministry of Industry the Committee desired to know as to what exactly was the basis on

which the Department of Industrial Development accorded the industrial approval for the HTL and Remington Rand for a total capacity of 30,000 electric typewriters. The Secretary, Department of Industrial Development stated that the Tata Report covered the period from 1978 to 1983 (updated later), while the Xavier Report (Report of the consultants engaged by Remington Rand) gave the demand for 1980—85. While according to the Tata Report the demand was 10,000 according to Xavier report the demand on certain basis could be taken as 24680 in 1979. He added:—

“These two demand assumptions were sent to the DGTD to give their opinion. The DGTD said that the total licenced capacity of manual and portable typewriter stood at 1,73,400. The production in 1979-80 was 91,800 and it has gone up to about 26,000 in 1980-81. Now, therefore, if we calculate that a certain percentage of a total stock of typewriters should be electrical, they felt that we could safely estimate that we will by the end of 1983-84 need a production range between 25,000 and 30,000.....

The witness further stated that HTL had asked for a capacity of 4,000 to 10,000. The Government gave to each of them (HTL & Remington) a capacity of 15,000 in order that there may not be any disadvantage to HTL in terms of capacity. The Ministry had also imposed a 10 per cent export obligation on Remington Rand, whereas there was no such obligation on HTL.

23. Asked whether it was desirable to allow two foreign collaborators in the same field instead of obtaining the technology from one source and horizontally transferring it within the country, the CMD, HTL, stated. “it is not desirable in my opinion”. He further stated that it would have been possible for his company to negotiate terms of collaboration agreement with M/s. Olivetti to enable horizontal transfer of technology within the country if the recipient were their sub-contractor. In this connection, the Secretary, Department of Industrial Development however stated as under:—

“Remington Rand has got collaboration with Triumph Adler HTL’s appreciation of the superiority or otherwise *inter se* of these two technologies is not accepted by Remington Rand, whose credentials in this fields are not inferior to that of HTL, particularly in typewriter manufacture. The other question is why not HTL, after receiving the technology from Olivetti, give it to Remington Rand. The question in this case does not arise, because we are

for the first time inducting technology in this particular field. If HTL would have absorbed Olivetti technology over a period of years, productionise Olivetti technology and would have set up their own R&D and geared themselves to Olivetti technology and then if a proposal comes for making an electric typewriter with foreign collaboration, we could have told them, "why don't you first check with HTL whether they would like to give the technology?" But the position is entirely different. There are two parties who have been licensed and they are asking for two sources of collaboration. This is done in all industries. In the first instance there is a multiple technology induction in order that in the process of trial, we come to the right technology source, except where one wants to productionise as a matter of policy in highly strategic areas and one wants to develop competence selectively, in which case induction of technology from a single source may be necessary in order that we can control production in a particular way as the nation's interest dictated; in articles like this it is not relevant."

24. As regards the cost of production of electric typewriters, the CMD stated that the expected cost of production was Rs. 5000/- per typewriter. It compared favourably with the international price which was Rs. 5000 to 6000 per typewriter and the price of imported typewriters which amounted to Rs. 10,000 to 12,000 per typewriter.

25. The collaboration agreement provides for import of know-how to HTL for the manufacture of electric typewriters in Devnagri and other Indian languages. Asked whether the project envisaged production of other Indian languages electric typewriters also, the CMD, HTL stated:

"Besides English typewriters, we are going in for production of Devnagri typewriters in about 2-3 years time. No other additional investment will be required for this. We have no other programme except to produce in these languages."

26. The Hindustan Teleprinters Ltd. incorporated in 1960 is manufacturing teleprinters and accessories. Diversification of its products was under contemplation since 1969. One of the possibilities that was considered was manufacture of electric typewriters.

The company tried unsuccessfully for long to develop production of electric typewriters and belatedly decided to obtain foreign know-how. While there was a loss of over Rs. 33 lakhs on the unsuccessful venture on account of faulty decision making, the new project was marked by delay in decision making. ..

27. The earlier project for the manufacture of electric typewriters developed by the company was approved by government in 1973 and the project envisaged ultimate capacity of 4,000 typewriters per annum. After producing about 750 typewriters in 4 years between 1975 and 1979 and selling them considerably below cost the project was abandoned due to technological difficulties... Thus the typewriters manufactured were neither technically sound nor cost effective. It is clear that the project was rushed through without establishing its technical and financial viability. The basic bungling was that the prototypes developed were not tested fully until 1978. No explanation for this lapse is forthcoming. Surprisingly, no enquiry into the project failure has been conducted. The Committee desire that atleast now an in-depth study of the project formulation, approval and implementation should be made to identify the lapses at each stage, if only for learning lessons for the future.

28. Another interesting feature that came to light is that the Ministry was not in touch with the project after its clearance in 1973. Strangely the failure of the project came to the notice of the Ministry only in 1978 and that too through a letter of the company. There was admittedly no monitoring and appraisal of the project implementation and performance, which according to instructions of government ought to have been done. The Committee trust that such laxity would not persist.

29. According to the Secretary, Industrial Development, the industrial approvals of government in the case of public undertakings are not subject to a technical scrutiny on behalf of the licensing authority and that it is left to the administrative Ministry concerned. The Secretary, Communications, however, stated that his Ministry did not have the in-house expertise but he agreed to draw upon outside expertise such as of the DGTD in future. There thus seems to be a serious lacuna in the public sector project approvals by government. This should be gone into by the B.P.E. and guidelines for establishing technical feasibility issued to all the administrative Ministries.

30. The new project entailing capital cost of Rs. 395 lakhs which envisages ultimate production of 10,000 typewriters per annum in collaboration with M/s. Olivetti of Italy was approved by government in July, 1981. The approval of project was delayed badly inasmuch as it took 1 year and 9 months. There have been delays at various stages. For instance, the Desk Officer of the Ministry of Communications, who received the feasibility report from the HTL, took 40 days for examining the report although according to the Secretary, he had nothing to examine on the merit of the proposal. He also took 20 days for preparation of the memorandum for the Expenditure Finance Committee. A number of scrutinising agencies which are expected to give their clearance or comments within 15 days, took inordinately long time. The Planning Commission (PAD) took nearly 4 months for giving its clearance. The BPE (Finance Division) took about 50 days for giving comments and another 23 days to give the clearance after receiving the clarification. This is thus a typical case of delay in decision making. Cost of the delay in decision-making in terms of cost escalation and denial of timely benefit to the economy is seldom realised. The Committee are distressed at this. Though the Ministry of Communications has since laid down a time-table for clearance of project proposals, the Committee desire that an exercise to streamline the project clearance procedures and ensure expeditious scrutiny of project proposals should be undertaken appropriately by the Ministry of Finance and uniform guidelines issued to all the Ministries. Normally not more than 6 months should be taken to arrive at a decision on a project proposal of a public undertaking.

3. Electronic Teleprinters Project

31. The teleprinters manufactured by HTL at present are electro-mechanical teleprinters. Such teleprinters are stated to be becoming obsolete and are being replaced by the electronic teleprinters all over the world. In India the user Ministries are also stated to have taken a decision to gradually phase out the electro-mechanical teleprinters and introduce the electronic teleprinters in its place. A feasibility report for setting up manufacturing capacity for the electronic teleprinters was submitted by HTL to Government in December, 1980 and was sanctioned in March, 1981. The capital cost of the project is Rs. 500 lakhs with foreign exchange components of Rs. 236 lakhs. The production programme of electronic

teleprinter under this project is stated to be as follows:—

1982-83	1000 nos.
1983-84	2000 nos.
1984-85	5000 nos.
1985-86	8000 nos.

32. In the course of evidence of the Ministry, the Committee pointed out that the ITI had already switched over to the production of electronic equipments in a manner in as much as it had established production of electronic equipments for small exchanges and enquired as to why there was delay in H.T.L. deciding to switch over from electro-mechanical teleprinters to electronic teleprinters. The Secretary, Communications stated that ITI had evolved a design and they were manufacturing some equipment. For large scale production, they had prepared a project which was being scrutinised by them. As regards HTL, he stated:

“A Committee of some HTL officers and of the Ministry in August, 1977 undertook extensive field trials for a long period before they could arrive at a conclusion. Then they submitted a report. They might have taken marginally more time than essential, but they did not take much time.....Electronic teleprinters started coming in a big way from the ‘Seventies’.”

33. The Committee enquired about the present position in regard to the setting up of the project. The Chairman-cum-Managing Director, HTL, informed that the company had floated a global tender for the setting up of the project and 5 parties viz. Seimens, Phillips, Sagem, Extel and Olivetti had responded. A Committee had been set up by the Government to evaluate the technical and commercial aspects by the end of December, 1981. Then they will go to the financial aspect and hoped to finalise their deliberations by March next year.

34. In reply to a question as to what would be the position in regard to the existing facility for production of electro-mechanical teleprinters after the commissioning of the electronic teleprinters, the CMD, HTL stated that the production of Electro-mechanical teleprinters would continue upto 1985. The spare capacity would be utilised for the production of computers and electric typewriters and their spares.

35. In regard to the cost of imported teleprinters vis-a-vis the estimated cost of the teleprinters proposed to be manufactured by HTL, the CMD stated that the estimated cost of their teleprinters was the same as that of the imported teleprinter viz. Rs. 25,000/-. When pointed out that the cost of production of electro-mechanical teleprinters was stated to be 50 per cent cheaper than the international price, the CMD stated that the cost of electronic teleprinter will be more because 30 to 40 per cent of the electronic components had to be imported and there was high import duty.

36. Asked whether the Ministry was satisfied that the HTL had enough R & D facility to keep abreast of the developments in the rest of the world, the Secretary, Communications in reply stated:

“We are now in the process of setting it up. We are having problems about manning the R. & D. After the last head of the R & D retired in 1980, we have not been able to get a substitute. Nobody from the P & T wants to go there. HTL have so far created 15 posts of engineers and 27 supporting staff. This will have to be expanded gradually.”

37. In regard to Devnagri electro-mechanical teleprinters it had been stated by the Ministry that there had been complaints about the key-board to the effect that the number of keys were inadequate to accommodate all the Devnagri characters. In the electro-mechanical version now being manufactured by HTL, it had not been possible to increase the number of keys due to technical limitations. Asked as to how the HTL proposed to remove this deficiency atleast after taking up manufacture of electronic teleprinters, the CMD, HTL in evidence stated that the present transmission was being done on a 5-level code. Taking into account all possible combinations it could consist only of 64 combinations. Thus the number of combinations available for transmission were limited. The present thinking was that this limitation could be got over by going to the 8-level code. Asked as to how soon they expected to perfect the machine, the witness stated:

“There are no technicalities involved in the machine itself. It is a decision to be taken, because if you shift over to the 8-level code, the transmission cost goes up by 60 per cent. The Ministry has to take this into account before we shift to an 8-level code for Devnagri.”

38. The Committee desired to know Ministry's reaction to the above comments of the HTL, the Secretary, Communications stated:—

“The only point which the Ministry is taking into account is what will be the cost because the market for electronic teleprinters using a 8-unit code may not be adequate at present...If we want to manufacture 500 electronic teleprinters with 8-unit code, what will be the cost and selling price of it, has to be very carefully considered because, it will have an impact on the P & T, impact on the customers whether in private sector or in the news agencies.”

39. Asked since when the question whether to go in for 8-unit code or to retain 5-unit code, was under consideration, a representative of the Ministry of Communications stated:

“Because of the unsatisfactory functioning of Devnagri teleprinters, this has been under the consideration of the Ministry for the last one year and for the last six months more effectively because the Deptt. of Official Languages have been requesting us to change the model as early as possible so that the Devnagri teleprinters which work satisfactorily will be available and recently when this question about the manufacture of electronic teleprinter came up, they also said that this must be considered. We have recently set up a Committee for designing a Devnagri Key Board for electronic teleprinter and the Committee is working on it.”

Asked as to when the Ministry would take a decision, the Secretary Communications stated that by the time the production starts, they would have to take a decision and they would do their best to take a decision.

40. The Committee desired to know whether demands had been made for teleprinters in Indian languages other than Devnagri and what were the proposals to produce electro-mechanical teleprinters in these languages. The Secretary, Communications stated:

“Particularly from the Indian Language News Agency there is a persistent demand but it has not been found feasible economically as well as technically for HTL to respond to this demand.”

Elaborating further the witness stated:

"It is not obligatory . . for the news agencies to buy our teleprinters but they may also have teleprinters on rent and guarantee basis from us. We will take into consideration whether we can even now go into a thorough examination of the electro-mechanical teleprinters on this point. But the informal survey of the demand for teleprinters in the various Indian languages, as assessed by the HTL has yielded very disappointing results. For example, in regard to the Tamil, version of which they produced two teleprinters on the eve of the World Tamil Conference and gave them through the Tamil Nadu Government, they have returned those two teleprinters after use. There has been no demand for more Tamil Teleprinters."

41. The Committee pointed out that many of the Indian language presses would not be able to afford electronic teleprinters and they would have to continue to depend upon the electro-mechanical teleprinters. The Education Ministry have several schemes for the protection of Indian languages for which there were subsidies. If it had not been found feasible economically for HTL to produce teleprinters in other Indian languages it was necessary for the Ministry of Communication to coordinate with the Ministry of Education and to take a policy decision in the matter. The Secretary of the Ministry in this connection stated:—

"Your point is very valid. Unfortunately we did not do it earlier when it should have been done in regard to the electro-mechanical teleprinters. At this stage it is too late to study this question with reference to electro mechanical teleprinters. We should consider the question with utmost urgency with reference to electronic teleprinters which will come soon."

42. Electronic teleprinters are stated to have replaced the electro-mechanical teleprinters all over the world in a big way from the 70's. However, a belated beginning was made to switch over to the manufacture of electronic teleprinters in the HTL and the manufacture is expected to start only in 1982-83. This delay in keeping abreast of the developments in the rest of the world is obviously attributable to the lack of R&D facilities in the company. Adequate R&D support is also necessary for absorption and adaptation of foreign technology. The Committee have been informed that the company is in the process of setting up the facilities. The Committee desire that this should be given the priority that it deserves and competent

R&D unit should be brought into being before long and for this purpose adequate allocation of funds should be found within the resources of the company if possible and from budgetary support by government, if necessary.

43. The electronic teleprinters project entailing capital outlay of Rs. 500 lakhs which envisages production of 8,000 teleprinters annually has been approved by government in March 1981. The foreign collaboration for this project is, however, expected to be finalised only by March 1982. The Committee hope that the schedule of completion of the project and commencement of production as given in the project report will be adhered to.

44. At present the HTL produces English and Devnagri electro-mechanical teleprinters. There are complaints about the Devnagri teleprinters to the effect that the number of keys in the key-board are inadequate to accommodate all the Devnagri characters. The Committee understand that designing a suitable Devnagri key-board for electronic teleprinters has been taken up and possibly a decision will be taken before the electronic teleprinters go into production. In this connection, the Committee would like the Ministry of Communications to consider, in consultation with the Ministry of Education, production of teleprinters and electric typewriters in other Indian scripts also having regard to the paramount need to develop communications in these languages.

**NEW DELHI;
December 21, 1981**

Agrahayana 30, 1903 (S)

**BANSI LAL
Chairman,
Committee on Public Undertakings.**

APPENDIX

Summary of Conclusions/Recommendations

S. No.	Para No.	Conclusion/Recommendation
1	2	3
1	26	The Hindustan Teleprinters Ltd. incorporated in 1960 is manufacturing teleprinters and accessories. Diversification of its products was under contemplation since 1969. One of the possibilities that was considered was manufacture of electric typewriters. The company tried unsuccessfully for long to develop production of electric typewriters and belatedly decided to obtain foreign know-how. While there was a loss of over Rs. 33 lakhs on the unsuccessful venture on account of faulty decision making, the new project was marked by delay in decision making.
2	27	The earlier project for the manufacture of electric typewriters developed by the company was approved by government in 1973 and the project envisaged ultimate capacity of 4,000 typewriters per annum. After producing about 750 typewriters in 4 years between 1975 and 1979 and selling them considerably below cost the project was abandoned due to technological difficulties. Thus the typewriters manufactured were neither technically sound nor cost effective. It is clear that the project was rushed through without establishing its technical and financial viability. The basic bungling was that the prototypes developed were not tested fully until 1978. No explanation for this lapse is forthcoming. Surprisingly, no enquiry into the project failure has been conducted. The Committee desire that atleast now an in-depth study of the project

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formulation, approval and implementation should be made to identify the lapses at each stage if only for learning lessons for the future.

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Another interesting feature that came to light is that the Ministry was not in touch with the project after its clearance in 1973. Strangely the failure of the project came to the notice of the Ministry in 1978 and that too through a letter of the company. There was admittedly no monitoring and appraisal of the project implementation and performance, which according to instructions of government ought to have been done. The Committee trust that such laxity would not persist.

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