

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

(SEVENTH LOK SABHA)

THIRTY-SECOND REPORT

Action Taken by Government on the recommendations contained in the Nineteenth Report of the Committee on Public Undertakings (Seventh Lok Sabha)

ON

ELECTRONICS CORPORATION OF INDIA LTD.
(DEPARTMENT OF ATOMIC ENERGY)

Presented to Lok Sabha and

Laid in Rajya Sabha on

25 MAR 1982



LOK SABHA SECRETARIAT
NEW DELHI

March, 1982/Phalguna, 1903 (S)

Price : Rs. 1.70

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(SEVENTH LOK SABHA)

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(1981-82)

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ON PUBLIC UNDERTAKINGS**

(1981-82)

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6. Shri Nagina Rai
7. Shri K. Ramamurthy
8. Shri Lal K. Advani
9. Shri Shrikant Verma

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 32nd Report on Action Taken by Government on the recommendations contained in the 19th Report of the Committee on Public Undertakings (Seventh Lok Sabha) on Electronics Corporation of India Ltd.

2. The 19th Report of the Committee on Public Undertakings was presented to Lok Sabha on 23 April, 1981. Replies of Government to all the recommendations contained in the Report were received by 12 January, 1982. The replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings on 4 March, 1982. The Report was finally adopted by the Committee on Public Undertakings on 8 March, 1982.

3. An analysis of the Action Taken by Government on the recommendations contained in the 19th Report (1980-81) of the Committee is given in Appendix.

NEW DELHI;
March 9, 1982

Phalgun 18, 1903 (Saka)

BANSI LAL,
Chairman,
Committee on Public Undertakings.

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Nineteenth Report (Seventh Lok Sabha) of the Committee on Public Undertakings on Electronics Corporation of India Ltd. which was presented to Lok Sabha on 23 April, 1981.

2. Action Taken notes have been received from Government in respect of all the 27 recommendations contained in the Report. These have been categorised as follows:—

- (i) *Recommendations/Observations that have been accepted by Government:*

Serial Nos. 1 to 18, 20, 21, 23, 24, 26 and 27.

- (ii) *Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies:*

Serial Nos. 22 and 25.

- (iii) *Recommendations/observations in respect of which final replies of Government are still awaited:*

Serial No. 19.

The Committee will now deal with the action taken by Government on some of their recommendations.

A. Maintenance of ECIL Computers by Computer Maintenance Corporation

Recommendation (Serial No. 4, Paragraph 1.22)

3. The Committee *inter alia* suggested that pending a decision on the merger of the Computer Division of the ECIL with the Computer Maintenance Corporation which was to be considered by a high-power Committee under the Chairmanship of the Cabinet-Secretary, the maintenance of the ECIL Computers with the users should be attended to by the Computer Maintenance Corporation.

4. In their reply the Government have stated that a decision has been taken not to merge the Computer Division of Electronics Corporation of India Ltd. with the Computer Maintenance Corporation. However, the recommendation of the Committee for maintenance of ECLI computers by

M/s. Computer Maintenance Corporation was stated to be under consideration. Asked to state whether any final decision has since been taken in the matter, Government in their reply dated 16 February, 1982 have stated that the information would be forwarded to the Committee very shortly.

5. The Committee would await the decision of the Government on the maintenance of ECIL computers by M/s. Computer Maintenance Corporation.

B. Research and Development activities.

Recommendation (Serial No. 5, Paragraph 1.25)

6. The Committee received an impression that the company had not outgrown the excessive research culture of the erstwhile Atomic Energy Establishment. They felt that ECIL should develop an efficient commercial management culture and desired to be apprised of the action taken in regard to moving out much of the R&D activities of the company to the BARC/National Laboratories, as assured by the Secretary, Department of Atomic Energy during evidence.

7. The Government in their reply have stated that efforts have been made in the recent years to develop a commercial outlook. The R&D activities now being taken up by the company are generally confined to the design and development of products needed by sectors other than the Department of Atomic Energy.

8. The Committee feel that the research activities in the ECIL even in relation to the Department of Atomic Energy ought to be such as could be justified on commercial considerations. The R&D activities which could not be so justified should be appropriately moved out to research institutions like BARC.

C. Write-off of inventories before disposal

Recommendation (Serial No. 6, Paragraph 1.44)

9. The Committee *inter alia* suggested that in order to have proper watch over the disposal of inventories, whenever any item was written off it should not be removed from the main account books reducing the value to nullity.

10. The Government have stated in their reply that the Corporation at present follows the principle of keeping a nominal value of Re. 1/- per item in respect of the capital goods written off. However, in view of certain practical difficulties pointed out by the statutory auditors in implementing

the Committee's recommendation regarding the accounting procedure for write-off of and removal of other inventory items, the management has decided that all items deleted and written-off from the inventories should be physically transferred and stored at a place earmarked for such items and complete numerical accounts should be maintained.

11. The Committee note that their suggestion that the entire value of an inventory item should not be written off before its disposal has been accepted only in respect of capital goods. The Committee desire that their suggestion should be re-examined in consultation with the Comptroller and Auditor General of India and the Bureau of Public Enterprises in order to evolve a uniform approach applicable to all the public undertakings.

D. Impact of Fiscal Policies on Public Undertakings

Recommendation (Serial No. 21, Paragraph 4.54)

12. The Committee while pointing out that the anomaly of computer system and sub-systems attracting lower duty and the components attracting much higher duty was removed only after ECIL had represented a number of times, felt that there must be some arrangement in Government to promptly assess the impact of fiscal policies and to change them to the extent necessary.

13. In their reply, the Government have stated that the fiscal cell of Department of Electronics studies the impact of fiscal policy and recommends suitable changes to the Ministry of Finance. However, as large data from widespread sources was required to assess the impact, the process was a time consuming one.

14. The Committee are somewhat disappointed with the reply of the Department that the correction of the adverse effect of the fiscal policies is a time-consuming process. They expect that steps will be taken to reduce the time lag and ensure remedial action within a reasonable time.

E. Lack of control and direction

Recommendation (Serial No. 25, Paragraph 5.5)

15. The Committee *inter alia* observed that their examination of the ECIL had revealed many shortcomings. To overcome these control and direction were needed but both were lacking. There was no effective check on the management by the Board of Directors or the General Body or even by the Administrative Department.

16. The Government in their reply have stated that they do not agree with the observation of the Committee that there was any lack of control and direction in the working of the ECIL and that the policy was to allow Public Sector Undertakings to work in an autonomous environment with powers to take decisions, coupled with corresponding responsibilities. The Board of Directors and the Department could only give policy direction to the management, at the appropriate level. It was as a result of the measures initiated by the Board of Directors and the assistance provided to the management by the Department of Atomic Energy, that the company was able to turn the corner in 1979-80.

17. The Committee's report has brought out a number of deficiencies which could only reflect on the management and management control of the company. The Committee would refer to the following in this regard. The product-mix was not kept under constant and critical review. The man-hour utilisation was not analysed for appropriate timely action to improve it and to redeploy labour wherever necessary. A beginning was made to analyse the machine-hour utilisation only belatedly in 1979-80. There has been no satisfactory system of project monitoring and control. It was only after the Committee took up the company for examination that a system of reporting in this regard to the Board of Directors was sought to be introduced. There was no scientific costing system in the company to ensure cost control. Inadequate credit control in the company has caused large sums of money to be unnecessarily immobilised in the financing of credit to customers. The adverse effect of the liberalisation of import control on the ECIL was not taken up with the Department of Electronics until the Committee examined the company. Above all, admittedly there was a failure to foresee and take timely action to update the technology to meet the competition. It was against this background that the Committee had observed that control and direction, both at the Board and the Department level, were lacking. However, they do not desire to pursue this further as remedial action on the shortcomings pointed out by the Committee has been taken, by and large.

18. Incidentally the Committee note the Department's view that "the board of directors and the department could only give policy direction to the management at the appropriate level." The Committee are unable to agree with this view. Under the Company Law and in terms of Article 72 of the Articles of Association of the Company, "the business of the company shall be managed by the board of directors who may exercise all such powers and do all such acts and things as the company is authorised to exercise and do." In terms of Article 118 "the President may, from time to time, issue such directives as he may consider necessary in regard to the finances, conduct of business and affairs of the company." While the directors are primarily responsible for the proper conduct of business, the Department is ultimately responsible for the proper functioning of the com-

pany. It cannot, therefore, be said that the control and direction should be confined to only issuing policy directions. In any case the board of directors of a public undertaking is not merely a policy formulating body but is largely functional and the Department's responsibility lies not only in laying down broad policies but also in monitoring, appraising and giving suitable directions for efficient functioning of the public undertakings, of course having due regard to their autonomy in regard to day-to-day administration.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1, Paragraph 1.19)

The Electronics Corporation of India Ltd. was set up in 1967 with the primary objective of designing and manufacturing electronics components, instruments and systems. The company which had been making profits from the fourth year of its incorporation went into the red recently. There have been heavy losses to the extent of Rs. 105 lakhs in 1977-78 and Rs. 146 lakhs in 1978-79. The total investment in the company by Government was Rs. 1589 lakhs comprising Rs. 785 lakhs equity and Rs. 804 lakhs loan as at the end of March 1980. Except in 1972-73 and 1973-74 no dividend was received by the Government so far. Thus, in the age of electronics a venture of this kind which ought to be a paying proposition has not on the whole given a good account of itself and lately has become an object of concern.

Reply of the Government

The Government is of the view that the primary objective of designing and manufacturing electronics components, instruments and systems with which the Electronics Corporation of India Limited was set up has been fulfilled. The very fact that the Company had made profits from the fourth year of its incorporation establishes the commercial and technological viability of the company. The main reasons for the heavy losses during 1977-78 and 1978-79 are:

- (a) Adjustment of prior period expenses.
- (b) Write-off of obsolete and unserviceable stores after an extensive review carried out by the Management.
- (c) The high incidence of wage revision in 1977-78.

It is relevant to state that the company had made a nominal profit of Rs. 9 lakhs during the year 1979-80. But for a prolonged strike and consequential loss of eighty man-days during December 1980 to March 1981, the company would have closed the year 1980-81 with a reasonable profit.

The Government is concerned about the losses incurred by the company in the recent years. The adverse results during 1977-78 and 1978-79 were mainly attributable to the Computer Group and the Semi-Conductors Division. The state of technology developed by these Groups and the Company's reluctance in the earlier years to import the latest technology, as also severe competition for the products manufactured by the company have been the reasons for the poor performance. Measures have since been initiated to revamp the losing Divisions and to convert the company into a profitable organisation.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 2 Paragraph 1.20)

The ECIL has at present 13 production divisions and it turns out about 250 diverse products. Five production divisions viz. Computer, Semiconductor, Micro-wave, Servo control and Antenna system have incurred losses during the last three years. The aggregate losses of these divisions were Rs. 162.12 lakhs in 1977-78, Rs. 297.93 lakhs in 1978-79 and Rs. 122.09 lakhs in 1979-80. Computers fared very badly throughout this period. Product-wise 21 in 1977-78, 30 in 1978-79 and 12 in 1979-80 were reported to be unprofitable.

Reply of the Government

The statement in this para is factual. The Division-wise comments are as follows:

- (a) With the anticipated turn-over of the Computer Group of Rs. 11 crores fixed for the year 1981-82, the operations of the Group are expected to result in a profit.
- (b) The Antenna Systems Group had made profit during 1980-81 and in view of the good order book position, it is expected to make substantial profit for 1981-82.
- (c) In view of the economies effected in material consumption by the Management recently, and the better yields, the Semi-conductors Division is expected to break even during 1981-82. The Board has also taken a decision to wind up this division.
- (d) The Micro-wave Division has been merged with the order communications activities and restructured into a Communications Division. This Division has at present good orders and its operations are expected to result in profit during 1981-82.
- (e) The Servo Controls Division has since been merged with Control Systems Group which has a comfortable order-book position and whose activities are expected to result in profit from 1981-82 onwards.

- (f) The Board of Directors and the Management are seized of the un-profitable Divisions/Products performance and constant efforts are being made to rationalise the productmix and to discontinue the unprofitable or slow-moving products. Special efforts would further be made in this direction at the time of finalisation of Revised Estimates 1981-82 and Budget Estimates 1982-83.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 3 Paragraph 1.21)

The company landed in this situation on account of factors, partly environmental but largely of its own making. Excessive research orientation rather than commercial, self-imposed restraint on adapting foreign know-how even on a selective basis in a vastly changing electronic environment, unprofitable product mix and lack of effective market surveys and sales promotion as well as cost efficiency were some of the predominant factors. The economic and fiscal policies of Government have also had an adverse impact on the company. Corrective steps have been initiated belatedly. The Committee have dealt with these aspects in the succeeding sections of this Report.

Reply of the Government

Government have noted the observation of the Committee contained in this para and would like to state that systematic measures have already been initiated to streamline the working of the company and to remedy the factors which have affected its profitability in the recent years. Some of the improvements effected in this regard are given below:

- (a) The Research & Development activity has now been streamlined and an R & D Board overviews the implementation of the projects.
- (b) The Company has entered into several foreign collaboration agreements for updating the technology for the new products, with full involvement of the potential users. Orders/Letters of Intent have also been received in certain cases.
- (c) A Market Research Unit has been set up to collate econometric data, undertake collection and analysis of field intelligence and to conduct market surveys.
- (d) Substantial sales promotion activities have been undertaken in respect of Computer Systems for which the response is encouraging.

- (e) A system has been set up to furnish information periodically to the Board on cost effectiveness of the products as well as progress of long term projects and R & D jobs.
- (f) The Company has received partial relief due to a revision in the tariff structure with enhanced duties on imported systems and reduction in duties in the case of components.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 4 Paragraph 1.22)

The Company has since closed down the microwave division and eliminated 7 products. The Committee desire that the product mix should be reviewed critically by the Board of Directors periodically and the results of the review indicated in the Annual Reports of the Directors. The Committee note that the recommendation of the Sondhi Committee for the merger of the computer division of the ECIL with the Computer Maintenance Corporation was to be considered by a high-power Committee under the chairmanship of the Cabinet-Secretary. The Committee suggest that pending a decision on the merger, the maintenance of the ECIL computers with the users should be attended to by the Computer Maintenance Corporation.

Reply of the Government

- (a) The Government accepts the recommendations of the Committee that the product-mix of the Divisions should be reviewed critically by the Board of Directors periodically and the results of the review indicated in the Annual Reports of the Board of Directors. Suitable instructions are being issued to the Board of Directors in the matter.
- (b) The Department of Electronics has informed that final decision on the relevant recommendation of the Sondhi Committee has since been taken. The decision reads as follows:

“Government do not agree to the merger of the Computer Division of Electronics Corporation of India Limited (ECIL) with the Computer Maintenance Corporation (CMC) into a single public sector undertaking (to be called the Computer Corporation of India). However, Government consider that ECIL should assign the marketing of its general purpose, business, scientific and educational computers to CMC with an assurance from CMC that it will not undertake manufacture of computer main frames. However, CMC will undertake consultancy, systems engineering, software development and turnkey supply of real time computer-based systems in areas like electronic power management, indust-

ries, process/plant control, and message switching. CMC will also be permitted to undertake the manufacture of any hardware of a special or customised type which they need to execute such turn key systems."

- (c) The recommendation of the Committee for maintenance of the ECIL computers by M/s. Computer Maintenance Corporation is still under consideration. The Boards of Directors of ECIL and CMC are exploring complementary roles for both the organisations. Meanwhile, with a view to achieve improved customer satisfaction, ECIL has established Regional Maintenance Centres in various regions.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Further information called for by the Committee

Has any final decision on the maintenance of the ECIL computers by M/s. Computer Maintenance Corporation since been taken?

(L.S.S. O.M. No. 56/2-PU/81 dated February 9, 1982)

Further reply of Government

Information regarding maintenance of the ECIL computers by M/s. CMC is being collected and will be forwarded very shortly.

[DAE O.M. No. 5/10(3)/82-PSU dated February 16, 1982].

Comments of the Committee

(Please see Paragraph 5 of Chapter I of the Report)

Recommendation (Serial No. 5 Paragraph 1.25)

The ECIL took up initially commercial exploitation of the capability developed at Bhabha Atomic Research Centre and about 300 personnel of the Research Centre formed the nucleus of the staff of the company. The Company was thus an offshoot of the Research Centre. The Committee have received an impression that the company has not still outgrown the excessive research culture of the erstwhile Atomic Energy Establishment. It continued to develop certain products though the demand did not justify their development. A number of projects which were commercially unviable have been taken up for various Government Departments without a specific directive from Government. During 1977-80, a loss of about Rs. 20 lakhs was incurred on five such projects. The Committee feel that time has come for the ECIL to develop an efficient commercial management culture. They have been assured by the Secretary, Department of Atomic Energy, that the R & D activities of the company were

being drastically changed and that much of these activities would be moved out to the BARC|National Laboratories. The Committee would await the action taken in this regard.

Reply of the Government

Although it is true that the Company had a fairly excessive research orientation especially in the initial years, efforts have been made in the recent years to develop a commercial outlook. Thus, R & D projects are subjected to detailed scrutiny by the R & D Board to ensure that they generally contribute to the profitability. In other words, R & D activities are generally confined to the design and development of products needed by sectors other than the Department of Atomic Energy. The Company had in the past ventured on certain commercially unviable projects, mainly for Government Departments| Undertakings, but this was done with a view to develop indigenous capability and also to ensure import substitution. Recently, the Company has restructured its activities based on the concept of business groups with integrated responsibilities for profit, marketing and production. The Board of Directors have taken a decision that all design and development activities which involve significant investment would be undertaken by the Company only against grants specifically obtained for the purpose.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Comments of the Committee

(Please see Paragraph 8 of Chapter I of the Report)

Recommendation (Serial No. 6 Paragraph 1.44)

The working capital employed by the ECIL is disproportionate to its activities and it exceeded six months' value of production at cost from year to year. At the end of March 1980 it amounted to Rs. 22.72 crores and it was financed mainly from cash credit (Rs. 14.37 crores). The working capital has been locked up in heavy inventory and trade credits. The level of inventory was Rs. 28.19 crores and it represented 8.9 months' sales. During the period 1975—80 sales consistently fell below the value of production except in the year 1978-79. The result was a net addition to inventory of works-in-progress and finished goods to the extent of Rs. 10.97 crores. Losses have arisen from the investment of the working capital in trading stocks that were subsequently rendered obsolete. During the last three years the value of stock written-off was Rs. 2.22 crores. Inadequate credit control has caused large sums to be unnecessarily immobilised in the financing of credit to customers. At the end of March 1980 the outstanding dues amounted to Rs. 11.24 crores. Of these Rs. 1.99 crores were more than one year old, and no interest is charged on the overdues although the company pays interest at the rate of 18.4

per cent on the cash credit it takes for financing working capital. The situation which contributed in no small measure to the losses of the company, thus calls for strict inventory and credit control. The Committee would suggest the following in particular:—

Uneven sales during the year and building up of inventory of finished goods for a long time should be avoided by properly staggering the production programme and marketing after rationalising the product-mix and adjusting the production to match the sales. Norms should be evolved for inventory holding, and strictly enforced. In order to have proper watch over the disposal of inventories whenever any item is written off, it should not be removed from the main account books reducing the value to nullity. A system of incentive for prompt payment of dues by the customers and disincentive for delayed payment should be adopted. In any case interest at the market rate should be charged on outstanding dues.

Reply of the Government

The Government generally accepts the observation of the Committee. The Department and the Board of Directors are conscious about the need for improving the working capital management of ECIL. Towards the above objective, the Company will be directed to fix norms for inventory holding in respect of each Division, taking into account the production cycle, lead time and other factors such as scarcities of certain materials. While drawing up the production plans, the company will be asked to give importance to sales income rather than to production of realisable value. Incidentally, the company has already fixed quarter-wise targets of production and sales, so as to ensure proper staggering of the production and marketing programme.

As regards the suggestion of the Committee for not removing the inventories for disposal from the main accounts reducing the value to nullity, it is to be mentioned that the Corporation at present follows the principle of keeping a nominal value of Re. 1 per item in respect of the capital goods written-off. The recommendation of the Committee regarding the accounting procedure for write-off of and removal of other inventory items, has been examined carefully by the company in consultation with the statutory auditors and it has pointed out certain practical difficulties in implementation. The Management has therefore, decided that all items deleted and written-off from the inventories should be physically transferred and stored at a place earmarked for such items and complete numerical accounts should be maintained. In view thereof, the Government does not consider it necessary to accept the suggestion of the Committee not to remove the items to be written off from the main account books. The Company has started including a clause in the general conditions of con-

tract to the effect that all overdue amounts would attract penal interest. Further, the Management will be directed to consider the system of offering discounts for prompt payment in accordance with the trade practices.

[DAE O.M. NO. 5|10(6)|81-PSU, dated November 5, 1981]

Comments of the Committee

(Please see Paragraph 11 of Chapter I of the Report)

Recommendation (Serial No. 7 Paragraphs 2.36)

There was shortfall in production (5 to 19 per cent) and sales (13 to 26 per cent) compared to what was planned for by the company during all the years 1975-76 to 1979-80. The production and sales were Rs. 43.61 crores and Rs. 41.42 crores as against the planned levels of Rs. 53.97 crores and Rs. 55.61 crores respectively in 1979-80. Undoubtedly there has been under-utilisation of men and machine. A combination of factors has led to this phenomenon. Lack of orders for products of some of the divisions and delay in completion of long-term contracts are stated to be the main reason. There are, however, production constraints for products of two divisions, viz., Commercial TV sets and power reactor instrumentation and control products. There are demand constraints in respect of products of four divisions viz. computers, instruments, semi-conductor devices and Servo and gear motors. Though half of the products of the ECIL is monopolistic in nature the other half faces stiff competition. The products that face such competition are stated to be TV, computer, semi-conductors, instruments and communication equipments. The Committee have, however, received an impression that the existence of a captive market offered by the Departments of Government and other public undertakings has lulled the company into complacency about sales promotion and cost efficiency. The customer composition shows that the sales to purely private individuals/institutions is only 12 per cent excluding TV and 30 per cent including TV. In such a situation the company could improve its turnover and get over the losses only by an imaginative market survey and sales promotion altering the product mix and cutting down on costs.

Reply of the Government

The Government accepts the analysis of the Committee that there were production constraints for the products of two Divisions, namely, commercial TV sets and power reactor instrumentation and control products. The licenced capacity for TV sets has since been doubled to 40,000 sets per year, this removing this constraint. As regards power reactor instrumentation and control products, the matter is still under examination in consultation with Department of Electronics. In order to remove the demand

constraints in respect of computers, instruments etc., the Company has initiated action to fix targets of production and sales, with a more aggressive marketing strategy. In order to match with this programme, the activities have been restructured into business groups with integrated responsibility for profit, marketing and production. It is expected that from the current year, there would be optimum utilisation of men and machine with variations within the acceptable limit of 10 per cent between targets and achievement. The Company has already appointed agents/dealers for promoting the sales of semi-conductors, communication equipment, computer system and TV sets. Market Research Unit set up recently for the Southern zone is expected to improve the performance of the marketing activity. At the same time, the product-mix of the Company is being rationalised for drawing up accurate production plans of the different business groups.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 8 Paragraph 2.37)

The Committee note that in the electronic industry where there are multipurpose capital goods and testing equipments it is not feasible to identify the capacity for production of various products. In the alternative it is imperative to ensure the optimum use of men and machines. The extent of the use is the index of efficiency. The Committee are, therefore, surprised that the ECIL has not systematically ascertained the extent of idle time of men and machines and analysed the causes for a meaningful production and cost control. It was only recently in 1979-80 that the utilisation of machines, each costing more than Rs. 50,000 was ascertained. This showed that out of 83 such machines, 31 were utilised to the extent of less than 50 per cent of the available time. Some of the machines were utilised to the extent of 10 per cent. The Committee have been informed that 5 machines which could not be utilised at all were being sold. That there should have been a laxity in the past in exercising the kind of control that has been lately brought about is deplorable. The Committee recommend that there should also be an analysis of man-hour utilisation for appropriate timely action to improve it and to re-deploy labour wherever necessary. The position in regard to man-hour and machine-hour utilisation should be brought out in the annual report of the company in future.

Reply of the Government

The Government accepts the recommendation of the Committee that the man-hour utilisation should be analysed for appropriate timely action to improve it and to redeploy labour wherever necessary. The Company

will be directed to bring out the position regarding man-hour and machine-hour utilisation in the Annual Reports.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 9 Paragraph 2.38)

There has been delay of more than one year in execution of eight long-term contracts of the value range Rs. 47 lakhs to Rs. 202 lakhs for supply of power reactor instrumentation and computer system. The delay resulted in reduction of profits in 3 cases and loss of Rs. 24.49 lakhs as against anticipated profit of Rs. 10 lakhs in one case. Further, a number of major profitable programmes planned for 1979-80 did not materialise. All this clearly shows that there has been no system of project monitoring and control. It is only now after the Committee took up the company for examination that a system of reporting in this regard to the Board of Directors is sought to be introduced. The Committee trust that in future there will be no negligence on the part of the management.

Reply of the Government

The Company has introduced a system for providing information to the Board of Directors on the various long-term contracts, R & D projects etc. The revised procedure would ensure proper project monitoring and control.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 10 Paragraph 2.39)

TV Division of the ECIL is quite remunerative. The Committee note that though there is demand for EC TV sets the production could not be augmented, the Government having as a matter of policy refused to license the expansion beyond 20,000 sets per annum. But the company had overcome this restraint by sharing its know-how with State Electronic Corporations and under-taking the marketing of the sets (18,000 in 1979-80) manufactured by them. The Committee, however, understand that the Department of Electronics have recently recommended expansion of ECIL's capacity to 40,000 sets. There are large number of complaints from the customers at present. The Committee expect that the ECIL should aim at complete customer satisfaction.

Reply of the Government

- (a) The Company has since received approval for enhancement of the capacity to 40,000 TV sets per annum.

- (b) The Company has arranged for computerised expeditious analysis of the customers' complaints with a view to improve the performance.
- (c) The Company has taken action to augment the strength of the maintenance support at the various locations to aim at better customer satisfaction. A mechanism for periodical complaint analysis by the Board of Directors has also been introduced.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 11 Paragraph 2.40)

Another division where production constraint is encountered on account of licensing policy of the Government is that of process control instrumentation. The Committee note that already Instrumentation Limited, Kota and Keltron are in the field of conventional instrumentation, but the ECIL has also the capability. The Department of Electronics are in favour of a division of labour amongst public sector companies and feel that ECIL should confine itself to computer based control system. The Committee desire that the matter should be settled early so that the ECIL can gear up its production programme for the future.

Reply of the Government

The Department of Electronics have stated that they have been trying to encourage production of control and instrumentation equipment at all three Public Sector Undertakings viz. ECIL, IL and KELTRON. It has tried to co-ordinate the activities so that each corporation has a share of the various markets and yet can develop special equipment more suited to its own capabilities. Thus for example, Department of Electronics has put in major efforts to enable ECIL to secure orders worth Rs. 5 crores approx. for Programmable Logic Controllers (PLCs) based on its own know-how; IL and KELTRON are manufacturing conventional analogue control and instrumentation systems. ECIL is also obtaining orders for Data Acquisition Systems and is also the sole supplier of Turbosupervisory Control Systems for 200 MW Thermal Power Plants. With sustained support from DOE, IL has obtained orders for conventional analogue instrumentation from Rourkela Steel while ECIL has obtained orders from Bokaro Steel for PLC-based control systems. ECIL, with the support of DOE, has obtained orders of Rs. 7 crores over the next three years in the area of Tele-supervisory/Telecontrol Systems. Thus, a division of labour exists between the three companies and DOE continuously monitors and co-ordinates these activities so that each company gets a fair share of the business, and their respective activities in the area of control and instrumentation complement each other.

However, ECIL are of the opinion that allocation of work as above by DOE has resulted in ECIL getting orders for only sub-systems, leading to their becoming sub-contractors to IL and KELTRON. There is some element of risk for the sub-contractor if the items are not irrevocably assigned to them.

This issue will be taken up in an interdepartmental meeting between DOE and DAE and sorted out.

[DAE O.M. No. 5/10(6)/81-PSU dated January 12, 1982]

Recommendation (Serial No. 12 Paragraph 3.30)

As pointed out by the Committee earlier, there is not much of cost control consciousness in the ECIL. Selling prices of several products had been fixed lower than the cost of production/cost of sales. There were 44 such cases in 1977-78, 54 in 1978-79 and 32 in 1979-80. With the available data the Committee are unable to form an opinion as to how far such large-scale under pricing was commercially wise. The company's expectation in some cases that with the market picking up the fixed cost per unit would come down, did not materialise. Further, in a number of cases the management had to renegotiate on coming to know that the prices quoted before undertaking production on contract basis was lower than the cost of production. Admittedly, no scientific standard costing system has been introduced in the company. Such a system is necessary for cost control on the basis of analysis of usage and rate variances between standards and actuals. The Committee also notice that Instruments and Computers Marketing Divisions are incurring losses on account of the company not realising the cost of services and the cost of spares from the Service contracts fees and the sale price of spares respectively. There is a case for increasing the computers maintenance charge, which is at present 5 per cent as against 11 per cent charged by the Computers Maintenance Corporation for imported computers.

Reply of the Government

The Government accepts the recommendation that introduction of a scientific standard costing system is necessary for cost control on the basis of analysis of usage and rate variances between standards and actuals. It is to be pointed out that the Company was operating in the buyers' market and there was severe competition in respect of many of their products, resulting in less favourable prices. Besides, the Company was keen to make an entry into the market and to retain its share in order to recover a reasonable portion of the fixed cost and to reduce the losses, which otherwise would have increased, but for taking up these activities.

The Company has since increased the maintenance charge of computer systems to 9 percent from the earlier rate of 5 percent. A sudden enhancement to 11 percent as recommended by the Committee is not considered advisable from the marketing point of view.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981]

Recommendation (Serial No. 13 Paragraph 3.31)

According to instructions issued by Government in December, 1968, the pricing of products, monopolistic or semi-monopolistic in nature should be within the landed cost of comparable imported goods. In circumstances where the cost of production is very high and it becomes necessary to have the prices higher than the landed cost the matter should be referred to the administrative Ministry concerned for examination in depth in consultation with the Ministry of Finance/BPE etc. However, the prices of such products of ECIL are stated to be fixed on the basis of landed cost plus 20 per cent as per the guidelines of Committee of Secretaries. The Committee wish to point out in this connection that there cannot be a general permission to fix the prices at a higher level in all cases. There should be a case to case study of the cost structure and cost efficiency and thereafter the prices should be determined as otherwise it will encourage inefficiency.

Reply of the Government

The Government agrees with the recommendation of the Committee that there should be case to case study of the cost structure and cost efficiency while pricing of products. The Company will be directed to follow the general guidelines given by the Bureau of Public Enterprises (BPE) in the matter.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981]

Recommendation (Serial No. 14 Paragraph 3.32)

The Committee suggest that in view of the foregoing analysis the cost structure and the costing system need to be gone into. On the basis of a review the scope for economy should be identified and prices rationalised. There is scope for cutting down on "overheads" and improving productivity of labour. In a labour intensive industry such as electronics overheads to the extent of about 60 per cent seems incredibly high. Further, the value added per man month declined from Rs. 2045 in 1976-77 to Rs. 1901 in 1977-78 and Rs.1816 in 1978-79 but increased to Rs. 2184 in 1979-80. Evidently manpower utilisation in poor. The Committee desire that the ratio of value added to wages plus depreciation which is at present 2 should

be progressively improved. In this connection the Committee would stress that the proposed incentive bonus scheme should be introduced without further delay.

Reply of the Government

- (a) The Government accepts the recommendation of the Committee that on the basis of a review, the scope for economy should be identified and prices rationalised. The company will be suitably instructed.
- (b) The Government is of the view that with the increase in the production and sales activities as envisaged for the current year onwards, the burden of fixed overheads of the given infrastructure would tend to get distributed over larger volumes of production.
- (c) The Management has already implemented the Performance Incentive Bonus Scheme.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 15 Paragraph 4.48)

The working of a business enterprise cannot be assessed in isolation. It has to be viewed in the perspective of the environment in which the enterprise is working. The Committee have attempted to do this while examining the ECIL. Initially the accent in the company was rightly only on imports substitution based on indigenous know-how. Liberalisation of imports in recent years on account of comfortable foreign exchange position and rapid development of technology in advanced countries with which ECIL could not keep pace had an unsettling effect on the company's operations. The demand for products thus came down and production had to be curtailed. There was, therefore, need for reorientation of the policies and programmes of the company; the need was there from 1975-76. In this connection, the Committee appreciate the frank deposition of evidence by the Secretary, Department of Atomic Energy that "we should have foreseen that at some stage our own technology would have to be updated to meet that competition. That we were at fault, there is no doubt."

Reply of the Government

observation of the committee has been noted.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 16 Paragraph 4.49)

In order to cope with the rapid development of technology in advanced countries, 13 foreign collaborations are now under consideration besides

the three that were finalised in the year 1979-80. A scrutiny of the terms of the collaboration agreements reveals that there are several restrictions on export rights and horizontal transfer of technology within the country. The Secretary, Department of Electronics assured the Committee that the agreements would be examined with a view to removing any lacunae and making them favourable in all respects. The Committee would await the result of the examination early.

Reply of the Government

During the period June 1980 to June, 1981 three cases from ECIL for foreign collaboration have been approved. The particulars are given below:

- (a) Foreign Collaboration approved with M/s. Magnasynne Moviola Corpn., USA for the manufacture of Multi-channel Logging Recorder—No. FC II-407(80)/554(80) dated 16-12-1980.
- (b) Foreign Collaboration approved with M/s. Park Air, U.K. for Wireless Communication Sets—No. FC II—330(80) dated 14.11.1980.
- (c) Foreign Collaboration agreement with M/s. Scientific Radio Systems, USA for High Frequency Receiving Equipment—No. FC 1/606(80) dated 3.12.1980.

There is no restriction on transfer of technology horizontally to any other public sector unit within India in any of the above collaborations. In the first case the exports are restricted only to Pakistan, Bangladesh, Sri Lanka, Thailand and Singapore. In the second case the exports are restricted only to Nepal, Burma and Bhutan. In both these cases these restrictions were accepted for the reasons that both these collaborations were specifically for import substitutions. In neither case there would be enough production for export after meeting the indigenous demand. Thus in effect the restrictions on export are really academic and put no extra constraints on ECIL.

(DAE O.M. No: 5/10(6)/81-PSU dated November 5, 1981)

Recommendation (Serial No. 17 Paragraph 4.50)

The environmental impact on the ECIL was not confined only to rapid strides in technology elsewhere. The economic and fiscal policies of the Government did affect the working of the company. The Committee, however, sees that in a manner these are inter-related.

Reply of the Government

The observations have been noted.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 18 Paragraph 4.51)

ECIL was the only major indigenous enterprise licensed to manufacture a range of computer systems covering the scientific, realtime and business application areas. Over the last 4-5 years a number of competitors have emerged to cater to essentially commercial applications. These are reported to be perhaps adopting the kit assembly methods by importing fully tested printed circuit boards completely assembled with components. The ECIL's grievance is that it is difficult to compete with these almost imported products. The Committee desire that this aspect should be gone into by the Department of Electronics.

Reply of the Government

Department of Electronics has informed that they have kept this aspect in view while formulating the policy for the development of the computer industry. As per the policy for licensing of computers/mini-computers etc., assemblies/sub-assemblies are not allowed for import. Imports of raw materials, parts and components etc. are allowed as per the respective phased Manufacturing Programmes approved by the Standing Committee on Mini-computers/Micro-Processor Based Systems.

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 20 Paragraph 4.53)

Demand for ECIL computers was also affected by the IBM gifting away 150 computers on winding up their operation in India. Further, with the liberalised import policy, nearly Rs. 60 crores worth of computers were reported to have been imported in 1977 and 1978. According to the Managing Director, ECIL the company could have sold Rs. 10 crores worth of computers had the imports not been allowed.

Reply of the Government

This is a factual statement.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981].

Recommendation (Serial No. 21 Paragraph 4.54)

Admittedly, the customs tariff structure between 1977-78 and 1979-80 was unsound as it was heavily weighted in favour of import of total compu-

ter systems preventing the growth of indigenous industry. The computer systems and sub-systems attracted lower duty whereas components attracted much higher duty. The Committee, however, note that after the company had represented a number of times the anomaly has been removed in June 1980. The duty on components was brought down from 137.6 per cent to 45 per cent plus 8 per cent countervailing duty. The Committee feel that there must be some arrangement in Government to promptly assess the impact of fiscal policies and to change the policies to the extent necessary.

Reply of the Government

Department of Electronics has clarified that the fiscal cell of Department of Electronics studies the impact of fiscal policy and recommends suitable changes to the Ministry of Finance. It may, however, be appreciated that large data coming from widespread sources are required to assess the impact. This is necessarily a time consuming process.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981].

Comments of the Committee

(Please see Paragraph 14 of Chapter I of the Report).

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 23 Paragraph 4.56)

Since 1975-76 there has been progressive liberalisation of import control. Lately a wide range of capital goods has been brought under OGL. The liberalisation is stated to have had the effect of encouraging considerably import of goods previously not allowed to be import. Particularly the instruments' division of the ECIL is reported to have been affected badly by such imports. Owing to liberal imports of testing and measuring instruments the company's income from sales suffered Rs. 1.19 crores during 1978-80. The Committee, however, understand that the matter was not formally taken up in time with the Government. The Committee desire that the matter should be examined by Government on the basis of the suggestions now given by the ECIL.

Reply of the Government

The liberalisation of imports of capital goods items has been done so as not to adversely affect the manufacturing activities of ECIL. For instance, at the instance of ECIL, the Department of Electronics has included certain testing and measuring instruments (manufactured by ECIL) in the banned list for import from the current financial year. In regard to the recommendation for placing some restrictions on imports by R & D institutions, which

are treated under OGL, M/s. ECIL have sent their complete range of instruments and other items which, according to ECIL should not be allowed for import under OGL by R & D institutions. The case is being processed in the Department of Electronics,

[DAE O.M. No. 5/10(6)/81-PSU, dated November 5, 1981]

Recommendation (Serial No. 24, Paragraph 4.57)

In a developing situation there is trade off between imports of products and know-how, and indigenous development. There has to be a clear policy in this regard, at least in the short run, and the areas have to be demarcated so that the indigenous concerns like the ECIL could plan their activities in advance. Frequent changes in policy and uncertainties can seriously hamper the progress of indigenous industry. The Committee feel that the matter deserves immediate consideration. It is apparent to the Committee that although the Department of Electronics is responsible for making recommendations in the matter of issue of licences and import of electronic goods as well as permission to enter into foreign collaboration there is not much of coordination with the public sector production units and other related administrative Ministries. This aspect should also be considered forthwith. The Committee are anxious to obviate any kind of hardship unwittingly caused to indigenous industry by the operation of economic and fiscal policies of Government. In order that this may be ensured there should be a periodic and well coordinated review of Policies.

Reply of the Government

The Department of Electronics is constantly endeavouring to develop indigenous production and to restrict imports. The DOE constantly reviews its policies to ensure that indigenous effort is increased. Occasionally, when technical and delivery considerations are Paramount, imports have been permitted. But every opportunity is taken to try and develop indigenous capability. This has been particularly so for ECIL which has developed programmable Logic Controllers in the area of control instrumentation, Data Acquisition System, Turbosupervisory systems etc. to increase its present levels and extend production. The fiscal import, industrial licensing and other economic policies of the Govt. as they relate to electronics, kept under constant review by the Department of Electronics and are tuned to develop a balanced and self-reliant indigenous industry. However, the extent to which this can be done is determined by the overall economic and industrial Policies of the Government of India.

[DAE O.M. No. 5/10(6)/81-PSU dated January 12, 1982]

Recommendation (Serial No. 26, Paragraph 5.6)

The Annual General Body meetings have been reduced to a frace. The meetings are summoned with ridiculously short notice. The notice for the

meeting on 4th September 1978 was issued on the same day. The kind of control that the shareholders could exercise on the basis of the documents circulated on the day of the meeting could well be imagined. The Committee desire that in future such things should not happen.

Reply of the Government

While the Government agrees that the notice periods for the Annual General Body meetings of the Corporation were relaxed, the Government does not agree with the observation of the Committee that the Annual General Meetings have been reduced to a farce. Unlike in the case of Public Limited Companies, the Government is the sole shareholder of the Company and is fully aware of the functioning of the Company round the year. Further, the Government Directors are in receipt of the audited accounts of the Company, even before receipt of the notice of the Annual General Meeting and these are examined in the Department since the Board has to approve these accounts. The shareholders could thus exercise adequate control, regardless of the notice period of the Annual General Meeting.

The Government, however, agree to issue directions to the Company to follow the correct procedure under the Companies Act in future.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981]

Recommendation (Serial No. 27, Paragraph 5.7)

It is distressing that there has been virtually no action oriented reviews of performance of the ECIL by the Department of Atomic Energy. During the last three years 1977-80 only one meeting was held as against the prescribed quarterly meetings which should have been 12 in all. Especially in view of the deteriorating performance of the company, performance reviews should be organised in the manner already laid down by Government. The Committee have no doubt that ECIL would not have landed in this mess had the control, coordination and Policy formulating system worked properly and satisfactorily.

Reply of the Government

It is to be stated that in view of the close co-ordination and control exercised by the Department on the management and policy planning of ECIL, it has been the practice to analyse and advise the Management on the various individual aspects of its working from time to time. Regardless of this, however, action has been taken by the Department to conduct regular performance reviews at periodic intervals, as recommended by the Committee.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation (Serial No. 22, Paragraph 4.55)

On the one hand the ECIL's products like computers were reported to have been rendered unprofitable on account of the industrial licensing and import policies of government, on the other profitable lines of production were either not allowed to be established or expanded. The Committee have already referred to the expansion of capacity for TV sets. In 1974, the company was refused a licence for the manufacture of TV Tubes although it had the necessary know-how on the ground that there was no need for additional capacity. Yet, at the same time, a licence was granted on regional considerations to a private firm which did not have the requisite know-how. However, it came to light that when licences were granted to some more private units two years later,—the ECIL's claim was not considered on a purely technical ground that the company did not renew its application. The Committee are unable to resist a feeling that had the ECIL been under the administrative control of the Department of Electronics it would have made a difference.

Reply of the Government

The Government does not subscribe to the view of the Committee that "had ECIL been under the administrative control of the Department of Electronics, it would have made a difference". Generally speaking, there is close coordination between the ECIL and DAE on the one hand and the Department of Electronics on the other. In respect of most of the major products of ECIL, the Department of Electronics has indicated its sphere of desired expansion. The Government is of the view that the existing administrative control of ECIL by the Department of Atomic Energy may continue, especially in view of the major role it is expected to play in the setting up of the new nuclear power and other projects of the Department.

It is to be mentioned that ECIL's licensed capacity for the manufacture of TV sets has since been increased to 40,000 per annum from 20,000 per annum, in April 1981. As far as the licensing for TV picture tubes is concerned, Department of Electronics has informed that the renewing of licence application by ECIL was an inescapable procedural requirement and that there was an omission by ECIL to do so, which had stood against

ECIL getting the licence. The decision in this respect would have been the same even if ECIL were under the administrative control of Department of Electronics. They have also stated that when limited fresh capacity was open for fresh licensing, one of the important consideration was regional distribution of capacity because of the peculiar nature of the industry and the Andhra Pradesh Government had made a representation regarding the application of APIDC to be approved in that region.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981]

Recommendations (Serial No. 25, Paragraph 5.5)

Within the limited time at their disposal, the Committee have endeavoured to undertake a fairly comprehensive appraisal of the working of the ECIL. Their examination has revealed many shortcomings. To overcome these shortcomings control and direction were needed, but both were sadly lacking. There was no effective check on the management by the Board of Directors or the General Body or even by the Administrative Department. The Board failed to give appropriate policy directions to the management in time. The Government could have corrected the position. In this connection, the Committee note that though a variety of performance reports are sent to Government periodically, even on a monthly basis, not all of them were placed before the Board of Directors. Surprisingly, the Board had only quarterly meetings during the period when the company was in the red. The Committee are of the view that there should be tighter control over the management by the Board rather than by Government and that the Board should be made accountable to the Government. There should, therefore, be more frequent meetings of the Board.

Reply of the Government

The Government does not agree with the observation of the Committee that there was any lack of control and direction in the working of the ECIL. The Government also does not agree with the view that the Board of Directors have failed to give appropriate policy directions to the Management in time. The Government policy is to allow Public Sector Undertakings to work in an autonomous environment with Powers to take decisions, coupled with corresponding responsibilities. The Board of Directors and the Department could only give policy direction to the Management, at the appropriate level. The Board of Directors had initiated a number of measures for improving the performance of the Company from the time its profitability started declining in 1977-78. Similarly, the Department had also assisted the Management in overcoming its various problems and difficulties. It is as a result of these measures that the Company was able to turn the corner during 1979-80.

However, the Government agrees with the observation of the Committee that there should be more frequent meetings of the Board of Directors. Necessary instructions to the Board of Directors would be issued in this regard.

[DAE O.M. No. 5/10(6)/81-PSU dated January 12, 1982]

Comments of the Committee

(Please see Paragraphs 17 & 18 of Chapter I of the Report).

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

NIL

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Serial No. 19 Paragraph 4.52)

Incidentally, the Committee understand that licence granted to ICIM, a subsidiary of ICL for the manufacture of 2904 series of computer system was initially objected to by the ECIL/Department of Atomic Energy. According to a report appearing in the journal 'Computer Weekly International' the concern would in fact be manufacturing a less sophisticated version (2903s) than what it was licensed for. The Secretary, Department of Electronics, while justifying the grant of licence did not have any apprehension about quality. The Committee, however, note that the past performance of ICL in India was admittedly not satisfactory. The performance of the 2904 computers should therefore be ascertained from the users and the Committee informed.

Reply of the Government

The details of information regarding the "2904" Computers manufactured and supplied by ICIM have been obtained. It will be necessary to wait atleast upto December, 1981 to ascertain reliable data and evaluate it. The information would then be furnished to the Committee as early as possible.

[DAE O.M. No. 5/10(6)/81-PSU dated November 5, 1981]

Further information called for by the Committee

Has the information regarding the performance of 2904 computers as ascertained from the users since been evaluated? If so, what are the findings?

(L.S.S. O.M. 56/2-PU/81 dated February 9, 1982)

Further reply of Government

The Department of Electronics have since informed that their Licensing and Computer Divisions are still ascertaining the data required for evaluating the performance of ICIM-2904 computers.

(DAE O.M. No. 5/10(3)/82-PSU dated February 18, 1982).

NEW DELHI;

BANSI LAL,

March 9, 1982.

Phalguna 18, 1903 (Saka).

Chairman,

Committee on Public Undertakings.

A P P E N D I X

(vide Para 3 of Introduction)

Analysis of action taken by Government on the recommendations contained
in the Nineteenth Report of the Committee on Public Undertakings
(Seventh Lok Sabha)

I	Total number of recommendations made	27
II	Recommendations that have been accepted by the Government (<i>Vide</i> recommendations at S. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 23, 24, 26 and 27)	24
	Percentage to total	88.9%
III	Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>Vide</i> recommendations at S. Nos. 22 and 25)	2
	Percentage to total	7.4%
IV	Recommendations in respect of which replies of Government have not been accepted by the Committee	NIL
	Percentage to total	NIL
V	Recommendations in respect of which final replies of Government are still awaited (<i>Vide</i> recommendation at S. No. 19)	1
	Percentage to total	3.7%