

**FORTY-NINTH REPORT
COMMITTEE ON PUBLIC
UNDERTAKINGS
(1988-89)**

(EIGHTH LOK SABHA)

BHARAT HEAVY PLATE VESSELS LIMITED

(Ministry of Industry, Department of Public Enterprises)

[Action Taken by Government on the recommendations contained in the
22nd Report of the Committee on Public Undertakings (Eighth Lok Sabha)]



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**LOK SABHA SECRETARIAT
NEW DELHI**

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OF COMMITTEE ON PUBLIC UNDERTAK-
INGS (EIGHTH LOK SABHA)

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**COMMITTEE ON PUBLIC UNDERTAKINGS
(1988-89)**

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3. Shri K. P. Singh Deo
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SECRETARIAT

1. Shri R. D. Sharma--*Director*
2. Shri Rup Chand--*Senior Financial Committee Officer*

INTRODUCTION

• I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 49th Report on Action Taken by Government on the recommendations contained in the 22nd Report of the Committee on Public Undertakings (Eighth Lok Sabha) on Bharat Heavy Plate & Vessels Ltd.

2. The 22nd Report of the Committee on Public Undertakings was presented to Lok Sabha on 10 April, 1987. Replies of Government to all the recommendations contained in the Report were received on 20 June, 1988. The replies of Government were considered by the Committee on Public Undertakings on 4 August, 1988. The Committee further considered and adopted this Report at their sitting held on 31 August, 1988.

3. An analysis of the action taken by Government on the recommendations contained in the 22nd Report (1986-87) of the Committee is given in Appendix II.

NEW DELHI;

September 29, 1988.

Asvina 6, 1910 (S)

VAKKOM PURUSHOTHAMAN

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 Twenty-Second Report (Eighth Lok Sabha) of the Committee on Public Undertakings on Bharat Heavy Plate and Vessels Limited (BHPV) which was presented to Lok Sabha on 10 April, 1987.

2. Action Taken Notes have been received from Government in respect of all the 20 recommendations contained in the Report. These have been categorised as follows:—

(i) *Recommendations/observations that have been accepted by Government*

Sl. Nos. 1—4, 6 and 8—18.

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

Sl. Nos. 19 and 20.

(iii) *Recommendation/observation in respect of which reply of Government has not been accepted by the Committee.*

Nil.

(iv) *Recommendations/observations in respect of which final replies of Government are still awaited.*

Sl. Nos. 5 and 7

3. The Committee desire that the final replies in respect of recommendations for which only interim replies have been given by Government should be furnished to the Committee expeditiously.

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

A. Order Book Position

Recommendation No. 2 (Paragraph 1.29)

5. In connection with giving benefits of deemed exports to BHPV, the Committee had *inter-alia* recommended as follows:

"The Committee find that as the fertiliser industry is a priority sector, global tendering is permitted. However, because of stiff competition from foreign parties which are able to quote substantially low rates as well as better terms of delivery on account of ready availability of raw materials within their country, the inflow of orders to BHPV for the process equipment for fertilizers is adversely affected. In Committee's opinion the least that can be done in such cases is that the benefits of deemed exports should be extended to BHPV wherever global tenders are invited. The Committee would like the Ministry of Industry to take up the matter with the appropriate authorities."

6. In their reply the Ministry have stated that the matter was taken up with the Ministry of Commerce who have stated that at present deemed export benefits are granted in respect of supplies made to projects financed by specified agencies like International Development Agency, International Bank for Re-construction and Development and Asian Development Bank. These benefits are also extended to projects financed by specified bilateral|multi-lateral external agencies and to ONGC|OIL|GAIL for their drilling operations HBJ Pipelines. They have added that the question of extending deemed export benefit to BHPV is not covered by the present policy. At their suggestion, this matter has been taken up with the Ministry of Finance, Department of Economic Affairs.

7. The Committee regret to note that the Ministry has taken more than a year for approaching the appropriate Ministry i.e. Ministry of Finance for seeking help in giving benefits of deemed exports to BHPV. The Committee, therefore, strongly recommend that the matter may be pursued at the highest level in the Ministry of Finance and Committee be informed of the outcome within three months of the presentation of this Report.

B. Capacity Utilisation

Recommendation No. 5 (Paragraphs 2.28 and 2.29)

8. As regards scientific assessment of actual capacity utilisation for calculating physical production in BHPV, the Committee had

noted that an exercise was on for laying down norms for measurement of physical production. Accordingly, the Committee had recommended that this exercise should be completed urgently so that suitable scientific computation formulas for assessing the actual Capacity Utilisation were devised.

9. In their reply, the Ministry have stated that company has constituted a Committee to arrive at the norms of Capacity Utilisation in terms of standard hours in view of the fact that the tonnage would not be a representative measurement. The Committee has been asked to expedite its report. Once the new norms are evolved, the need for adoption of an intensity factor will not arise. The recommendations of the Committee will be put up to the Board of Directors for their approval.

10. The Committee regret to note that BHPV has not laid down norms for measurement of its physical production so far. They take a serious note of the matter particularly in view of the fact that the Ministry of Industry had informed the Audit as far back as in February, 1984 that the Company was then working out alternate methods of expressing production. It appears that BHPV has taken the matter in a casual manner. The administrative Ministry also appear to have failed to ensure that the assurance given by them to audit was honoured by the Company within a reasonable time. The Ministry have now informed that the Company has constituted a Committee to arrive at the norms of capacity utilisation in terms of standard hours. They have not intimated as to when this Committee was constituted. The Committee desire that their recommendation should be taken seriously and with a sense of urgency and the Government should ensure that scientific norms are laid down for measurement of the physical production without any further delay.

C. Manpower Planning

Recommendation No. 7 (para 3.29)

11. The Committee had noted that in the project report of Bharat Heavy Plate and Vessels, the collaborators had recommended for an annual production of 23210 tonnes, a total number of 2110 employees of which direct and indirect workers were to be about 38 per cent and 32 per cent respectively. The undertaking, however, made its own assessment of man-power requirements from time to time viz. 2568 in October, 1967, 3568 in April, 1973 and 4149 in June, 1974 although the actual production was far below 23210 tonnes. From 1979-80 on-

wards indirect workers increased rapidly and in 1983-84, the ratio of indirect and direct workers stood at 114:100 as against the norms of 84:100 indicated by the collaborators. An analysis of the employees strength at the end of 1985-86 revealed that against the norms of 555 there were as many as 1253 supervisors and officers. The Committee therefore recommended that for a proper and realistic appraisal of the manpower needs the undertaking should entrust this work to a recognised management institution like National Productivity Council and Committee desire to be informed of the action taken in this regard.

12. In their reply the Ministry have stated that the National Institute for Training in Industrial Engineering, Bombay has been assigned a contract to conduct manpower studies and to come out with requirements department-wise, level-wise based on 3 years load. The team has completed their studies in various shops/offices. The data is being compiled and the report is expected to be made available shortly. After its receipt, it will be considered by the Board of Company.

13. The Committee note that in pursuance of their recommendation BHPV has engaged National Institute for Training in Industrial Engineering to conduct manpower studies in the Company. The Study team is reported to have completed their studies and their report is expected to be made available shortly. The Committee desire that the National Institute for Training in Industrial Engineering may be asked to direct the Study Team to finalise their report at the earliest, so that the precise manpower requirements of the Company are known and necessary measures taken for optimal utilisation of manpower.

D. Surplus Machines

Recommendation No. 12 (Paragraph 4.15)

14. The Committee had noted that out of 75 machine valuing Rs. 687.48 lakhs procured from outside the country, 11 machines including 3 high cost machines have not been used at all. In respect of 79 machines (including 13 High Cost Machines) utilisation factor ranged between 1 per cent and 44 per cent and there were 83 machines which were stated to be fully utilised but their utilisation factor ranged between 3 per cent and 91 per cent. The Committee felt that not only the huge capital involved in the purchase of these machines was blocked without any return, avoidable expenditure was incur-

red on their servicing and on the precious space. The Committee, therefore, recommended that the machines not being utilised should be disposed of immediately in whatever manner possible. Possibility of using these machines in other public sector undertakings could be explored and if there were no takers there, these might be put on sale to private users. The Committee also recommended that a fresh exercise be made to identify such of the sparingly used machines which could be dispensed with in the interest of economy. These should be disposed of at the earliest. The Committee also desired to be apprised of the concrete action taken in this regard within six months of the presentation of their report.

15. In their reply the Government have stated that a list of surplus machines was circulated to various Public Sector Undertakings. An advertisement was also given in local and national newspapers based on quotations received, BHPV have already sold 9 machines. Eight other machines were identified for public auction but could not be sold in auction for want of minimum price bids. Further efforts are being made to dispose of these and other machines, to the best advantage of the Company.

16. The Committee note that the Company have sold only a machines. The Committee have not been informed as to how many machines have been found surplus and are to be disposed of. They would like to be informed urgently of the steps taken or proposed to be taken to dispose of such surplus machines.

E. Followup action on recommendations

17. The Committee appreciate that the Government have accepted most of the recommendations of the Committee and the Company is taking steps to implement them. In reply to recommendation Nos. 4, 8 and 16 BHPV is reported to have taken steps to optimise the capacity utilisation, to reduce the idle time and to streamline the system of material management respectively. Similarly while accepting the recommendation Nos. 10, 11 and 13, the Government has advised the holding company to conduct a review of incentive scheme and R and D work of the Company. The Committee hope that the Government would continuously evaluate the progress made by the Company in all these fields so that assurance given to the Committee regarding improvement in the performance of the company are fully implemented.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation No. 1 (Para 1.25 to 1.28)

1.25 Bharat Heavy Plate & Vessels Ltd. incorporated in June, 1966, was established with the sole objective to manufacture custom built process plant and equipment for use in the fertilizer, petroleum and allied industries, for which sustained demand was anticipated. At that time the annual gap between demand and supply of plate and vessels type equipment had been estimated at 72000 tonnes and keeping this in view, BHPV was established with an annual capacity of 23,210 tonnes. However, right from the inception the order book position of BHPV has been critical and the installed capacity of 23,210 tonnes, which was expected to meet only one third of the estimated gap, remained greatly underutilised. Obviously the projections of demand and requirements of process plant and equipment were not based on any scientific study but were more in the nature of perfunctory guess work. The Committee deprecate formulation of such faulty projections on the basis of which investment decisions have been taken.

1.26 The Committee have been informed that the capacity planned in BHPV was expected to take care of roughly one third of the requirements of the fertilizer plants in the country. But even before BHPV started its operations, the sizes of the fertilizer plants were changed from 450 tonnes per day plants to 950 tonnes per day plants without any interaction with BHPV. The change in the demand pattern created a technological gap and no wonder BHPV did not get any major orders from fertilizer plants, which were mostly lost to foreign competitors. It has been stated that BHPV had represented to the Ministry on several occasions regarding its low order book position from fertilizer sector and desired that certain equipments may be earmarked for fabrication indigenously. No tangible action seems to have been taken in this regard although the Ministry of Industry have informed that the matter was brought to the notice of the Ministry of Fertilizers and Chemicals.

1.27 The Committee are surprised at the argument advanced by the Ministry of Industry that "BHPV can neither decide nor dictate regarding the size of the refinery or the fertilizer plant which should be set up by its customers." It has to be pointed out that BHPV had been established primarily to cater to the requirements of the process plants of fertilizer and petroleum industries and thus the technologies acquired and the skills developed were related to the demand projections of the user Ministries. Therefore any switch over from one technology to another in the user organisation was bound to have repercussions on the operation of BHPV.

This underscores the need for perspective planning and a meaningful coordination between the Ministry of Industry and the user Departments. On the basis of the reviews of the working of some public undertakings like BHPV the Committee are constrained to conclude that capacities have been created at huge cost for meeting demand projection which were found highly inflated and unrealistic. Furthermore after the setting up of such undertakings, the administrative ministries concerned have not been able to provide the necessary protection needed to enable these undertakings to establish themselves fully and discharge the role assigned to them.

1.28 The Committee feel concerned to note that in view of the limited demand potential from the three core sectors i.e. fertilizer, petro-chemicals and refineries, BHPV was forced to take up new lines like cryogenics and steam boilers for possible optimum utilisation of the facilities created. With the various diversification schemes undertaken from time to time the Company has been able to improve its order book position to some extent but even then the capacity utilisation remains far below the rated capacity. It has been stated that the order book position in respect of the process plants continues to be critical as BHPV could secure only very few orders in respect of the new fertilizer plants being set up in the country. Orders are lost to foreign competitors as they are able to offer better delivery and price terms compared to indigenous manufacturers, who have necessarily to import their raw materials like steel from foreign countries. This involves longer procurement lead time and hence longer delivery schedules. In order to minimise competition from the foreign competitors, BHPV has approached the Government to formulate separate guidelines for earmarking some equipments for indigenous parties who have acquired necessary capabilities in their respective fields. This undoubtedly seems a workable proposition and the Committee desire that the Ministry of Industry should take it up urgently and if necessary, at the highest level. The Committee have no doubt that the acceptance of such

a scheme will surely go a long way in better utilisation of the existing capacities set up with the huge costs and consequential savings in precious foreign exchange.

Reply of the Government

The recommendation for earmarking some equipments for indigenous parties who have acquired necessary capabilities in their respective fields has been taken up with the Ministry of Petroleum and Natural Gas, Department of Fertilizers and the Department of Chemicals and Petro-chemicals. It is the constant endeavour of this Ministry to ensure that adequate orders are placed on the indigenous capital goods manufacturers in the public sector. The question of placement of adequate orders on units like BHPV is taken up continuously with the user Ministries. Very often these issues are taken up at very high levels on a case to case basis. The placement of orders on foreign suppliers, however, is considered by the user Ministries keeping in view the internal resource problems and the need to use credits.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11(2)/86-PE. IV dated 20-6-1988]

Recommendation No. 2 (Para 1.29)

The Committee find that as the fertiliser industry is a priority sector, global tendering is permitted. However, because of stiff competition from foreign parties which are able to quote substantially low rates as well as better terms of delivery on account of ready availability of raw materials within their country, the inflow of orders to BHPV for the process equipment for fertilizers is adversely affected. In Committee's opinion the least that can be done in such cases is that the benefit of deemed exports should be extended to BHPV wherever global tenders are invited. The Committee would like the Ministry of Industry to take up the matter with the appropriate authorities.

Reply of the Government

The matter was taken up with the Ministry of Commerce who have stated that at present deemed export benefits are granted in respect of supplies made to projects financed by specified agencies like International Development Agency, International Bank for Reconstruction and Development and Asian Development Bank. These benefits are also extended to projects financed by specified bilateral/multi-lateral external agencies and to ONGC/OIL/GAIL for their

drilling operations HBJ Pipeline. They have added that the question of extending deemed export benefit to BHPV is not covered by the present policy. At their suggestion, this matter has been taken up with the Ministry of Finance, Department of Economic Affairs.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11(2)/86-PE. IV dated 20-6-1988]

Comments of the Committee

Please see para 7 of the Chapter I of the Report.

Recommendation No. 3 (Para 1.30 and 1.31)

1.30 Yet another constraint faced by BHPV is in regard to procurement of raw material particularly imports of steel etc. through canalising agencies. The procedures involved in getting clearance for imports from indigenous angle are time consuming and the imports through the canalising agencies further adds to the problems of BHPV. The Secretary, Ministry of Industry was appreciative to the difficulties encountered by BHPV in this regard and had assured the Committee that the matter would be taken up with the appropriate Ministries. The Committee would like to be apprised of the outcome of these efforts within six months of the presentation of this Report.

1.31 One of the objectives of BHPV is to develop export markets with a view to earning foreign exchange. Precious little has been done in this field. Since inception, BHPV has been able to secure only two export orders and no further orders have been received for hardware exports so far. Here again the Committee find that problem is the stiff competition from the foreign firms. The Committee desire that more concerted efforts should be put in by BHPV to enter this area so that a break through is achieved at the earliest.

Reply of the Government

1. The problems faced by Bharat Heavy Plate and Vessels Limited (BHPV) in regard to procurement of raw materials particularly import of steel, was taken up with the Steel Authority of India Limited (SAIL) and other concerned organisations. SAIL have stated that BHPV should consider the availability of the indicated sizes at the design stage itself and should apply for import of larger dimensions only in such cases where it is technically not feasible to use the available indigenous materials. They have also appreciated the need to expedite the issue of import clearances and have made

certain suggestions for enabling them to expedite the clearances. If the requisite procedures are followed, SAIL have assured that the import clearances would be given either during the course of the meeting of the Import Clearance Committee or within the period of about two weeks. BHPV have been suitably advised to follow the procedures indicated by SAIL. With this, it is expected that the delay in procurement of raw material will be considerably reduced.

2. An export cell has been created in BHPV to intensify the export efforts and the Company has plans to export to the tune of 15 per cent of its production by 1988-89.

In order to enter into the export market for hardware, BHPV has joined a consortium of Public Sector Undertakings for exploring export market for refinery and other related equipment. Similarly, BHPV has also joined another Consortium for export of Fertilizers Plants and related items. BHPV has appointed agents abroad to promote exports. With this, it is hoped that there will be improvement in the export performance.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11(2)/86-PE. IV dated 20-6-1988]

Recommendation No. 4 (Para 2.26 and 2.27)

The Report of the collaborators for BHPV envisaged a capacity of 23,210 tonnes for various types of equipment with specific product-mix and plant and machinery was accordingly installed. As adequate orders were not forthcoming the Company revised the annual capacity of the factory to 18,000 tonnes in April, 1975. The Committee find that even the targets of production in terms of tonnage laid down each year from 1976-77 to 1983-84 were less than half the original capacity of 23,210 tonnes and were far below the rated capacity of 18,000 tonnes. The actual utilisation of capacity (based on the reduced capacity of 18,000 tonnes) ranged between 33.7 per cent (1979-80) to 60.5 per cent (1977-78), during these years and except in 1977-78, it was below 50 per cent in all these years. From 1980-81 to 1985-86, the figures of capacity utilisation in terms of metric tonnes have been arrived at by applying an "intensity factor" but even then the utilisation factor ranges between 47.24 per cent and 66.36 per cent. This shows that even at present a good portion of the installed capacity remains unutilised. This in the view of the Committee is a matter of serious concern.

The Committee are surprised at the argument adduced by the Ministry that the primary consideration before the Company is not full capacity utilisation in the conventional sense but working profits in its operations. It has been further stated that if at a given point of time the Company finds that while making sophisticated and high value added items, capacity utilisation would be only 50 per cent but profits would substantially increase then they would rather go for 50 per cent utilisation of capacity in the conventional sense. It needs to be mentioned that BHPV is not going into other areas of production out of choice but is forced to diversify its product-mix in order to improve its capacity utilisation. Unless the installed capacity of plant and machinery is made use of to the fullest extent possible, there will always remain, an element of unproductive capital investment, which will affect the overall profitability of the Company. The committee therefore feel that concerted efforts should be made for optimal utilisation of installed facilities.

Reply of the Government

The steps taken by Bharat Heavy Plate and Vessels Limited are as follows:—

1. An intensive drive to book orders even at marginal costs is being made to utilise capacity to the maximum extent.
2. New collaboration Agreement with HTS Lummus, entered into to capture a larger segment of market in Heat Exchangers and Pressure Vessels.
3. With the formation of Bharat Yantra Nigam Limited, optimum utilisation of capacity in the six subsidiaries is being planned in a concerted fashion.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No.

11(2)/86-PE. IV dated 20-6-1988]

Recommendation No. 6 (Para 2.30)

While explaining to Audit the reasons for the under utilisation of capacity, the Company had in 1983 listed out certain constraints which affected their performance. These inter-alia included absence of standard and repetitive jobs, low order book position, longer cycle time etc. when asked which of these problems still persisted, the Committee were informed that many of these factors were still having their influence on the production performance. The Committee desire that more concerted efforts should be made and better strategies should be adopted to get over these difficulties so that the Undertaking's working becomes streamlined and the Undertaking is able to fulfil its corporate objective by achieving effective utilisation of the installed capacity.

The Committee desire that more concerted efforts should be made and better strategies should be adopted to get over these difficulties so that the Undertaking's working becomes streamlined and the Undertaking is able to fulfil its corporate objective by achieving effective utilisation of the installed capacity.

Reply of the Government

A Committee was constituted to suggest realistic norms for assessing the capacity of the Company with the present product mix involving more sophisticated equipment, than what was envisaged in the original Project Report. This Committee has since submitted its report and the same will be submitted to the Board shortly.

Meanwhile, a number of steps have been taken to improve capacity utilisation. Some of the significant actions taken in this regard are detailed hereunder:

1. For reducing the cycle time, a number of measures are being/have been taken, which *inter-alia* include timely procurement of material, close project monitoring and productivity improvements. Consequently, the machine utilisation during the year 1987-88 has improved by 4 per cent. compared to 1986-87.
2. BHPV was set up primarily to cater to the capital equipment requirements of Fertilizers, Petrochemicals and Refineries. However, realising the lean and critical order book position for the Process Equipment from the above sectors, the company has taken up a number of diversification schemes like Cryogenic Plants, Industrial Boilers, Deaerators etc. Consequently, the Company could substantially improve its order book position as well as the capacity utilisation.
3. BHPV has set up an exclusive exports cell to make an intensive drive for exports. Also, BHPV has become a member of some of the consortia formed with other companies, to improve the export sales. In May, 1988, the company achieved a break-through by securing an order from Sri Lanka for design, supply, erection and commissioning of 2 (two) 14 Mtr. diameter Spheres on a turn key basis (Value Rs. 250 lakhs). Also, many offers have been submitted to overseas parties which are presently under consideration of the prospective clients.

As a result of the various measures taken, the capacity utilisation during 1987-88 has improved to 71.2 per cent, as compared to 62.6 per cent. during 1986-87. The value of production increased to Rs. 142.4 crores during the year 1987-88 compared to Rs. 96.4 crores in the previous year, representing an increase of 47 per cent. The company has made a net profit of Rs. 3.3 crores (before tax) during the year 1987-88 as compared to a loss of Rs. 0.29 crores during the previous year.

Government has formed a holding company viz. Bharat Yantra Nigam Limited (BYNL) with BHPV as one of the 6 subsidiaries. With the capability of all these subsidiary companies, it would be possible to take up more turn key jobs. This step is expected to improve further the order book position of individual subsidiary companies including BHPV.

[Ministry of Industry, Deptt. of Public Enterprises O.M.
No 11(2)/86-PE. IV dated 14-9-1988]

Recommendation No. (Para 3.30)

3.30 From the data made available to the Committee it is seen that the percentage of hours-booked-to-jobs to available hours has gradually gone up to reach 72.77 per cent in 1985-86. However, the percentage of idle hours to net available hours which was 11 per cent in 1979-80 rose to over 26 per cent in 1985-86. Thus the labour utilisation in the year 1985-86 remained at about 73 per cent with 5.70 lakhs unutilised labour hours, which constitute about 27 per cent of the total available hours. This by no means can be considered to be a satisfactory state of affairs. The Committee have been informed that an analysis of the idle time indicates that about 83 per cent of the idle hours are for want of work as the undertaking did not have sufficient orders for process plants and despite loading the shops with orders from other products there has been idle time for want of work. It is thus clear that the undertaking has more manpower than warranted by the needs of the work in hand. The matter needs to be looked into for taking corrective action either by diversion of manpower or finding out other jobs to reduce idle time.

Reply of the Government

Following action is being taken by the Company to reduce the Idle Time:—

1. Training of employees in multi-trade disciplines to enable better utilisation of man-power.

2. Ensuring even flow of orders and un-interrupted supply of raw-materials so that the idle time for want of work and for want of materials is reduced, to a minimum.
3. By ensuring effective co-ordination of project consultant, customer and external inspecting agencies to avoid delay due to design approval, stage inspections etc.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11(2)/86-PE. IV dated 20-6-1988]

Recommendation No. 9 (Para 3.31)

3.31. The Committee find that on the one hand the undertaking had staff strength much in excess of the originally envisaged strength and had high percentage of idle hours, on the other hand the undertaking had been making payments on account of overtime to its employees. Despite various controls, reportedly exercised by the undertaking, it had paid Rs. 20.67 lakhs in the form of overtime payments during the year 1985-86. The Committee do not find any justification of this payment in view of apparent over staffing of the undertaking. The Committee would urge that the undertaking should carefully examine this aspect in the context of its manpower and idle hours and deploy the available staff in shifts in such a manner that need to pay overtime does not arise. The Committee desire that power to sanction overtime should be given to fairly senior officers who should be accountable to Chief Executive of the organization on this score.

Reply of the Government

An analysis of the Overtime paid indicates that they are paid for deployment of staff for maintenance purposes, urgent erection requirements and for essential services such as Security, Medical etc. Presently, these are being approved by the Sr. Managers and above. As desired by COPU, henceforth, the Overtime requirements will be sanctioned and approved by the DGMs/GMs only. Overtime will be restricted to inescapable needs.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11(2)/86-PE IV date 20-6-1988]

Recommendation No. 10 and 11 (Para 3.32, 4.13 and 4.14)

3.32 The Committee find that with a view to improve productivity, the undertaking introduced in 1979 a production incentive scheme, which provided for incentive payments for all those who achieved 70 productive standard man-hours (PSMH) a month. In spite of payment of substantial amounts as incentive (Rs. 11.22 lakhs each in 1982-83 and 1983-84, Rs. 16.05 lakhs in 1984-85 and Rs. 22.28 lakhs in 1985-86) the total PSMH declined from 14.88 lakhs hours in 1980-81 to 12.12 lakhs hours in 1984-85, which figure increased to 14.19 lakhs hours in 1985-86. In spite of the introduction of incentive payment the per centage of idlemen hours and idle machine hours, which were 11 per cent and 43 per cent respectively in 1979-80 rose to 26 per cent and 73 per cent respectively in 1985-86. From this the Committee get an inevitable impression that the introduction of the incentive scheme has not contributed to an increase in production as was expected. It is also seen that this scheme has not been reviewed on an annual basis by the Board or the management. The Committee desire that a systematic review of the incentive scheme should be undertaken to see how far the extra expenditure involved has been commensurate with the improvement in productivity of men and machines at BHPV.

4.13. The Committee note that the BHPV had originally installed plant and machinery at an estimated cost of Rs. 1061 lakhs for an annual production of 23,210 tonnes. It created additional facilities in 1976 at a cost of Rs. 20.70 lakhs for the revised product mix. Subsequently also substantial capital investment has been made in providing balance facilities for the production of specialised products. During the year 1983-84 to 1985-86 additional investment to the extent of Rs. 644.64 lakhs has reportedly been added to the plant and machinery. At the end of March, 1986, the gross value of plant and machinery installed by BHPV amounted to Rs. 2311.69 lakhs against the original estimate of Rs. 1061 lakhs. Thus even though the production capacity of the Company has been reduced from 23,210 tonnes to 18,000 tonnes, there have been substantial additions to the plant and machinery.

4.14. With the overall utilisation factor of the plant ranging between 50 and 60 per cent only, a major portion of the installed capacity in machines has remained un-utilised or under-utilised. From the information made available to the Committee it is seen that the per centage of idle machine hours to available machine hours was as high as 73.25 per cent in 1985-86 and this figure was

never less than 66.8 per cent during the last 7 years. Such large scale idleness of the machines should necessarily be a cause for serious concern both to the undertaking as well as to the Ministry of Industry. The Committee desire that suitable corrective measures, both short-term and long term, should be taken urgently to ensure that the idle and under-utilised machines are put to maximum productive use.

Reply of the Government

Recommendation of the Committee is accepted. Government have recently constituted a holding company viz., Bharat Yantra Nigam Ltd., of which BHPV is a subsidiary. The Holding Company has been advised by Government to conduct a review of the incentive scheme to see how far the extra expenditure involved has been commensurate with the improvement in productivity of workers and machines at BHPV.

[Ministry of Industry, Deptf. of Public Enterprises O.M. No. 11 (2)/86-PE IV, dated 20-6-1988]

Recommendation No. 12 (Para 4.15)

4.15. The Committee have been informed that apart from auxiliary equipment such as cranes etc., 79 machines for aiding the manufacture of equipment at BHPV have been installed. Out of these 75 machines valuing Rs. 667.48 lakhs had been procured from outside the country. Depending on the cost, these have been categorised as High Cost and Low machines. It is seen that 11 machines including 3 High Cost machines have not been used at all. In respect of 79 machines (including 13 High Cost Machines) utilisation factor ranges between 1 per cent and 44 per cent and there are 63 machines which are stated to be fully utilised but their utilisation factor ranges between 3 per cent to 91 per cent. This presents a very dismal picture and calls for immediate remedial steps. Not only the huge capital involved in the purchase of these machines is blocked without any return, avoidable expenditure is incurred on their servicing and maintenance. It also results in misutilisation of the precious space. The Committee, therefore, recommend that the machines not being utilised should be disposed of immediately in whatever manner possible. Possibility of using these machines in other public sector undertakings may be explored and if there are no takers there, these may

be put on sale to private users. A fresh exercise may be made to identify such of the sparingly used machines which can be dispensed within the interest of economy. These may also be disposed of at the earliest. The Committee would expect to be apprised about the concrete action taken in this regard within six months.

Reply of the Government

A list of surplus machines was circulated to various Public Sector Undertakings. An advertisement was also given in local and national newspapers based on quotations received, BHPV have already sold 9 machines. Eight other machines were identified for public auction but could not be sold in auction for want of minimum price bids.

Further efforts are being made to dispose of these and other machines, to the best advantage of the company.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11 (2)/86-PE. IV, dated 20-6-1988]

Comments of the Committee

Please see para 16 of Chapter I of the Report.

Recommendation No. 13 (Paras 5.13 and 5.14)

5.13 The Committee find that BHPV had set up a R&D Division as far back as in 1975 mainly with the objective of developing manufacturing technologies, to improve the process designs and to bridge the technological gaps. As on date the R & D Division has 21 executives (5 supervisory personnel and 19 workmen). It has been stated that upto the end of March, 1986, an amount of Rs. 225.29 lakhs had been spent on R & D programmes. An estimated outlay of Rs. 684.91 lakhs has been provided during the Seventh plan for taking up new products/processes which have commercial applications. When the Committee enquired whether the expenditure and effort so far taken on R & D was adequate to achieve the goal of self-reliance as laid down in the corporate objectives, it was stated that since R & D efforts are continuous, it cannot be stated that self-reliance has been achieved.

5.14 The Committee have been informed that the total engineering and R & D expenditure on account of personnel payment alone will be about Rs. one crore per year. As large amounts are being spent on R & D activities, it is imperative that the results of the technological innovations made and processes developed by R & D

are properly evaluated and quantified. The Committee therefore feel that it would be in the fitness of things that the performance of the R & D Division is subjected to a scrutiny by an independent body of experts to make an assessment as to how far the benefits of R & D efforts have been commensurate with the expenditure incurred thereon.

Reply of the Government

The recommendation of the Committee has been accepted. Government have recently constituted a Holding Company viz., Bharat Yantra Nigam Ltd., of which BHPV is a subsidiary. The CMD of the Holding Company has been advised by this Ministry to implement the recommendation of the Committee and to have the requisite scrutiny of R & D work by an independent body of experts.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11 (2)/86-PE. IV, dated 20-6-1988]

Recommendation No. 14 (Para 5.15)

5.15. The Committee find that BHPV's dependence on foreign collaborations has not ended. As a matter of fact whenever some new product is taken up, BHPV has been entering into agreements for the supply of technical documentation concerning the specific product/equipment. For the process equipments BHPV had various collaboration agreements at the time of its inception. In the years 1981-82 and 1982-83 BHPV has entered into fresh agreements with L'Air Liquide of France and BHL of France for cryogenics and atmospheric storage tanks respectively. The Committee have been informed that the undertaking was now proposing to go into the areas of system engineering for which there is not enough know-how and the undertaking may have to seek the help of a collaborator. If these trends continue, BHPV's dependence on foreign technology will never come to an end and the possibility of self-reliance in technology will never be realised. It is significant to note that the per centage of jobs executed by BHPV on the basis of self-developed designs is very small in the context of the total production of the undertaking. The Committee feel that the aim of any R & D effort should be that the undertaking is enable to assimilate various technologies obtained from foreign collaborators and is in a position to develop its own system and processes for new products. The Committee trust that BHPV will strive to ensure that when the present set of collaborations come to an end, it would not be necessary to renew them.

Reply of the Government

1. The collaborations at BHPV can be classified as follows:

Wherever a collaboration agreement or joint bidding arrangement is entered into all but efforts are made to absorb the technology at the earliest so that the need for reviewing an ongoing collaborations is minimised. Renewal of collaborations is done after an indepth examination in which it is ensured that renewal is done only when some new or more sophisticated technology is available with the collaborator. Thus the recommendation of the Committee has been accepted and BHPV has noted that collaborations are not to be renewed for the same technology.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11(2)/86-PE IV dated 20-6-1988]

Recommendation No. 15 (Para 6.16)

The Committee find that the total inventories held by BHPV at the end of the last 3 years amounted to Rs. 6144.01 lakhs, Rs. 7242.11 lakhs and Rs. 5586.70 lakhs respectively. Considering the total annual turnover of about Rs. 91 crores in 1985-86, the Committee find that the level of inventory holdings is on the high side. Not only the levels of inventory holdings are very high, the total holdings are much in excess of the various norms laid down by the BPE. It is seen that inventory in excess of the norms to the extent of Rs. 450.70 lakhs in 1983-84, Rs. 3602.48 lakhs in 1984-85 and Rs. 1014.65 lakhs in 1985-86 was being maintained by BHPV. This is a serious matter and undoubtedly calls for intensification of efforts for bringing it down to a reasonable level in the shortest possible time. The Committee would like to be informed about the concrete steps taken in this direction.

Reply of the Government

The latest inventory data is as detailed below:

	<i>Value Rs. in lakhs</i>
Opening balance as on 1-4-87	2864.16
Receipt during Apr '87 to Aug. '87	1008.97
Issues during Apr' 87 to Aug. 87	1429.21
Closing balance as on 01-09-87	2443.92

A committee has been constituted for reducing inventory and this committee has already taken the following action :-

- Out of Rs. 174.26 Lakhs of non-moving item as on 1-4-86

	<i>Rs. in lakhs</i>
(a) Item disposed during 1986-87	17.69
(b) Items identified for use against work orders	63.52
	81.21

Thus, approximately 50% of non-moving items are utilised or Planned to be utilised.

---Out of Rs. 174.55 lakhs of non-moving item as on 1-4-87

(a) Items disposed of upto 30-9-87	8.00
(b) Items identified to execute work orders upto 30-9-87	25.00
(c) Items identified for disposal between Oct. 87 to Mar' 88	10.00
(d) Items identified to execute work orders upto Oct.' 87 to Mar' 88.	30.00
	73.00

Thus about 50 per cent of the non moving items would be utilised. Thus concrete steps have been taken for reduction of inventory as recommended by the committee.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11 (2) /86-PE. IV, dated 20-6-1989]

Recommendation No. 16 (Para 6.17)

Apart from excessive inventories, some items of finished stock of substantial value have been lying in company's stores. Furthermore the value of surplus and non-moving stores as on 31st March, 1986 was as high as 416.10 lakhs (including surplus stores of Rs. 95.92 lakhs). Yet another item of inventory being accumulated from year to year is the arising of off-cuts, which are valued at rates applicable to regular plates for purposes of arriving at the value of inventories. Task Force Groups have reportedly been constituted to identify the surplus inventory and to study possible alternative uses of surplus/non-moving stocks. Apparently these efforts have not brought about commensurate results. The Committee desire that more vigorous efforts are needed to streamline the system of material management in BHPV.

Reply of the Government

Measures taken to streamline the system of Materials Management in BHPV are listed below:

1. Materials Management Department has recently been strengthened by the induction of a Senior Manager to assist DGM (M).
2. Within the Department, specific groups have been identified for procurement and timely supply of material required by the three distinct product groups of BHPV.
3. Computerised systems are being introduced to Monitor and Control of every order, order follow-up, inventory status etc.,
4. Vendor rating and registration system of suppliers are being streamlined.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11 (2)/86-PE. IV, dated 20-6-1988]

Recommendation No. 17 (Para 7.10)

7.10 It is gratifying to note that BHPV, which had accumulated losses of the order of Rs. 1302.78 lakhs upto 31st March, 1979 has been able to show profits from 1979-80 onwards. Against an undistinguished performance profile for a very long period, the Company has made a steady and marked recovery culminating in very impressive performance during the last 3 years ending 1985-86. In the process the Company has not only wiped off its past accumulated losses, but has also made appropriations towards General Reserve out of the undistributed profits. The Committee hope that BHPV will not only keep up its profit making performance but will also put in more extra efforts to improve its profitability.

Reply of the Government

The observation of the Committee has been noted. BHPV will put in extra efforts to improve its profitability.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11 (2)/86-PE. IV, dated 20-6-1988]

Recommendation No. 18 (Para 7.11)

7.11 From the working results of the Company for the last 3 years it is seen that the profit of Rs. 406.15 lakhs earned by the Company in 1983-84 went up to Rs. 979.02 lakhs in 1984-85. In 1985-

86, there is a drop in the profit and it has come down to 880.38 lakhs. This fall of about Rs. 100 lakhs in the profit during 1985-86 needs to be looked into for taking immediate remedial steps.

Reply of the Government

A review was made to find out the reasons for the drop in the profits in 1985-86 compared to 1984-85 (excluding prior period adjustments). It reveals that the drop is mainly due to the following:

- (a) There has been an increase in the cost of raw-materials and components consumed during the year 1985-86 as compared to 1984-85 owing mainly to the rise in prices of inputs.
- (b) Due to stiff competition, orders having comparatively lesser margins had to be under-taken and executed during 1985-86.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11(2)/86-PE-IV dated 20-6-1988]

CHAPTER III

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

.. Recommendation No. 19 (Para 7.12)

In the annual report for 1985-86, an amount of Rs. 783.82 lakhs is shown as General Reserve. It has been pointed out by Audit that there was a cumulative liability of Rs. 844.25 lakhs on account of penal interest (Rs. 190.08 lakhs) and interest on interest (Rs. 654.17 lakhs) on Government upto 31st March, 1986, against which an amount of Rs. 181.42 lakhs only has been provided for in the accounts. In case the balance liability of Rs. 662.83 lakhs (Penal interest Rs. 190.08 lakhs and interest on interest Rs. 472.75 lakhs) is also provided in the accounts, the General Reserve would have been only Rs. 120.99 lakhs as against Rs. 783.82 lakhs shown in the accounts. The Committee desire that such distortions in the accounts should be scrupulously avoided so that the accounts exhibit a faithful picture of the real state of affairs of the undertaking.

Reply of the Government

The position regarding liability towards penal interest and interest on interest on the government loans was clearly mentioned in the accounts and the annual report for the year 1985-86. Schedule 20, item No. 7 of this Report reads as follows:

"The estimated total liability on account of Penal interest and interest on outstanding interest charges on Government loans upto 31-3-1986 amounts to Rs. 844.25 lakhs (Penal interest Rs. 190.08 lakhs and interest on interest Rs. 654.17 lakhs) against which an amount of Rs. 181.42 lakhs has been provided for in the accounts. No provision has been made for the balance amount of Rs. 662.83 lakhs (Penal Interest Rs. 190.08 lakhs and interest on interest Rs. 472.75 lakhs as the waiver of Penal Interest and Interest on Government Loans, is under active consideration of the Government. In case such provision is made in the accounts, the General reserve would have been Rs. 120.99 lakhs."

This statement was seen by the Comptroller and Auditor General of India also.

Thus the accounts presented a correct picture of the real state of affairs in the Company. However when the Government decided that the request of the company for waiver of Penal Interest on interest could not be acceded to, the company have made a provision of the entire amount of Rs. 662.83 lakhs in their accounts for the next year i.e. 1986-87. As a result of this, BHPV has incurred a loss of Rs. 214.80 lakhs (after tax) in the year 1986-87.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11(2)/86-PE. IV dated 20-6-1988]

Recommendation No. 20 (Para 7.13)

The Committee have been informed that the question of financial relief regarding waiver of penal interest and rescheduling of the outstanding loans of BHPV has been under the consideration of Government for quite some time. The Committee cannot but emphasise that a decision on the subject may be taken early and necessary approvals expedited. In this context the Committee would like to point out as a matter of policy, wherever penal interest is charged, some kind of relief should be given to the Undertakings in subsequent years so that they get an incentive to do better work and put in more efforts to improve their efficiency.

Reply of the Government

The question of granting financial relief to BHPV in the form of waiver of penal interest and interest on interest was considered in consultation with the Ministry of Finance. It was noted that there were no accumulated losses in BHPV and the Unit has been making profits. After taking all aspects of the matter into consideration, Government decided that BHPV should pay the penal interest and interest on interest. This has been provided in the Accounts for the year 1986-87 which have already been finalised.

[Ministry of Industry, Deptt. of Public Enterprises
O.M. No. 11(2)/86-PE. IV dated 20-6-1988]

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 No. 5 (Para 2.28 & 2.29)

2.28 The original project report indicated a certain product profile and also specified the annual capacity in terms of each product by tonnage. It has been stated that as the product profile tilted towards greater sophistication and as the Company diversified into new fields, it was felt that while adding up the total production during the years the tonnage of more sophisticated products should be multiplied by an "intensity factor" as they required higher inputs of resources per tonne. Thus the production figures in terms of equivalent production were being declared from 1980-81 onwards. The Undertaking again changed the method of calculating the intensity factor for the years 1984-85 and 1985-86. This innovative method of calculating the actual production in terms of equivalent production was neither based on any scientific method like industrial engineering nor had it been approved either by the Board or the Government. It was obviously a device worked out by the management to present a better picture of the production performance of the Company. That the formula adopted by the management for the expression of physical production has not been considered satisfactory is clear from the fact that in the consecutive performance review meetings held in the Ministry the need for making a scientific assessment of the capacity to enable better evaluation of performance in physical terms has been emphasised time and again.

2.29 According to the Company an exercise is now on for laying down norms for measurement of physical production. The Committee would like to emphasise that this exercise should be completed urgently so that suitable scientific computation formulate for assessing the actual capacity utilisation are devised.

Reply of the Government

The company has constituted a committee to arrive at the norms of Capacity Utilisation in terms of standard hours in view of the fact that the tonnage would not be a representative measurement.

The Committee has been asked to expedite its report. Once the new norms are evolved, the need for adoption of an intensity factor will not arise. The recommendations of the Committee will be put up to the Board of Directors for their approval.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11 (2)/86-PE. IV dated 20-6-1988]

Comments of the Committee

Please see para 10 of Chapter I of the Report.

Recommendation No. 7 (Para 3.29)

3.29 In the project report of Bharat Heavy Plate & Vessels, the collaborators had recommended for an annual production of 23210 tonnes, a total number of 2110 employees of which direct and indirect workers were to be about 38 per cent and 32 per cent respectively. The Undertaking, however, made its own assessment of man-power requirements from time to time viz. 2568 in October, 1967, 3568 in April, 1973 and 4149 in June, 1974 although the actual production was far below 23210 tonnes. From 1979-80 onwards indirect workers increased rapidly and in 1983-84, the ratio of indirect and direct workers stood at 114:100 as against the norm of 84:100 indicated by the collaborators. An analysis of the employees strength at the end of 1985-86 reveals that against the norm of 555 there were as many as 1253 supervisors and officers. The Committee are constrained to say that in the context of the largely under-utilised capacity, more idle man-hours and very poor machine utilisation, substantial additions in manpower from time to time sound paradoxical. Since there has been no scientific evaluation of the manpower needs of the undertaking at any time, the Committee desire that for a proper and realistic appraisal of the manpower needs the undertaking may entrust this work to a recognised management institution like National Productivity Council. The Committee may be informed of the action taken in the matter.

Reply of the Government

As recommended by COPU, the National Institute for Training in Industrial Engineering, Bombay has been assigned a contract to conduct manpower studies and to come out with requirements department-wise, level-wise based on 3 years load. The term has

completed their studies in various shops/offices. The data is being compiled and the report is expected to be made available shortly. After its receipt, it will be considered by the Board of Company.

[Ministry of Industry, Deptt. of Public Enterprises O.M. No. 11(2)/86-PE-IV dated 20-6-1988]

Comments of the Committee

Please see para 13 of Chapter I of the Committee.

New Delhi;
September 28, 1988.
Asvina 8, 1910 (Saka)

VAKKOM PURUSHOTHAMAN,
Chairman,
Committee on Public Undertakings.

APPENDIX I

*Minutes of the 4th sitting of the Committee on Public Undertakings
held on 4-8-1988.*

The Committee sat from 15.00 hrs. to 16.00 hrs.

PRESENT

Shri Vakkom Purushothaman—*Chairman*

MEMBERS

2. Shri Salfuddin Chowdhary
3. Shri K. P. Singh Deo
4. Shri S. G. Gholap
5. Shri Virdhi Chander Jain
6. Shrimati Sheila Kaul
7. Shri Mohd. Mahfooz Ali Khan
8. Shri K. H. Ranganath
9. Shri Dipen Ghosh
10. Shri A. G. Kulkarni
11. Shri Kamal Morarka
12. Shri Raof Valiullah
13. Shri Virendra Verma

SECRETARIAT

1. Shri R. D. Sharma—*Director Incharge*
2. Shri Rup Chand—*Senior Financial Committee Officer*

The Committee considered the draft Action Taken Report on 22nd Report of Committee on Public Undertakings (1986-87) on Bharat Heavy Plate & Vessels Limited and adopted it except recommendation regarding Manpower Planning (Recommendation Sl. No. 7, Para 3.29).

As regard the recommendation No. 7 regarding Manpower Planning, the Committee noted that the Committee on Public Undertakings (1986-87) had recommended that for a proper and realistic appraisal of the manpower needs, the undertaking (BHPV) should entrust this work to a recognised management institution like *National Productivity Council*. But in their reply the Ministry were stated that they have assigned a contract to the National Institute for Training in Industrial Engineering, Bombay to conduct manpower studies and to come out with requirements department-wise, level-wise based on 3 years load. The Committee desired that before finalising this recommendation, it may be ascertained from the office of Comptroller and Auditor General of India whether National Institute for Training in Industrial Engineering, Bombay has the stature equal to that of National Productivity Council and whether it is competent to undertake the job to assess the manpower needs of BHPV.

The Committee then adjourned.

MINUTES OF THE 7TH SITTING OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS (1988-89) HELD
ON 31ST AUGUST, 1988

The Committee sat from 15.00 hrs. to 17.00 hrs.

PRESENT

Shri Vakkom Purushothaman—*Chairman*

MEMBERS

2. Shri Saifuddin Chowdhary
3. Shri Virdhi Chander Jain
4. Shri Mohd. Mahfooz Ali Khan
5. Shri Keshorao Pardhi
6. Shri K. H. Ranganath
7. Shri Harish Rawat
8. Shri Dipen Ghosh
9. Shri Kamal Morarka
10. Shri V. Narayanasamy
11. Shri Raof Valiullah
12. Shri Virendra Verma

SECRETARIAT

1. Shri R. D. Sharma—*Director*
2. Shri Rup Chand—*Senior Financial Committee Officer*

** ** ** ** ** **

Consideration of Draft Action Taken on action taken by Government on the recommendations contained in 22nd Report of CPU (1986-87) on Bharat Heavy Plate & Vessels Limited.

1. The Chairman informed the Members that at their sitting held on 4th August, 1988 the Committee had desired that before finalising

**The Minutes relating to evidence of representatives of Food Corporation of India have been kept separately.

the Action Taken Report on 22nd Report of Committee on Public Undertakings (1986-87) on Bharat Heavy Plate & Vessels Ltd., it may be ascertained from office of the Comptroller & Auditor General of India whether National Institute for Training in Industrial Engineering, Bombay had the stature equal to that of National Productivity Council and whether it was competent to undertake the job to assess the manpower needs of BHPV. The Office of Comptroller & Auditor General of India was accordingly requested to give their opinion in the matter.

2. In this connection, the reply received from the office of Comptroller & Auditor General of India was read out by the Chairman. The Members were satisfied with the reference of manpower study to the National Institute for Training in Industrial Engineering, Bombay. Thereafter the Action Taken Report on Bharat Heavy Plate & Vessels was adopted by the Committee.

3. The Committee also authorised the Chairman to finalise the draft Report on the basis of factual verification by the Ministry/ Undertaking concerned and Audit and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Para 3 of the Introduction)

Analysis of the Action Taken by Government on the recommendation contained in the 22nd Report of the Committee on Public Undertakings (Eighth Lok Sabha) on Eastern Coalfields Limited

I.	Total number of recommendations	20
II.	Recommendations that have been accepted by the Government (Vide recommendation at Sl. Nos. 1-4, 6 and 8-18).	16
	Percentage to total	80
III.	Recommendation which the Committee do not desire to pursue in view of Government's reply (Vide recommendation at Sl. Nos. 19 and 20)	2
	Percentage to total	10
IV.	Recommendations in respect of which reply of Government has not been accepted by the Committee	Nil
V.	Recommendations in respect of which final replies of Government are still awaited (Vide recommendation at Sl. Nos. 5 & 7)	2
	Percentage to total	10