

**CEMENT CORPORATION OF
INDIA LIMITED**

**MINISTRY OF INDUSTRY
(DEPARTMENT OF HEAVY INDUSTRY)**

**COMMITTEE ON
PUBLIC UNDERTAKINGS
1994-95**

TENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

FORTY FIRST REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS (1994-95)

(TENTH LOK SABHA)

CEMENT CORPORATION OF INDIA LIMITED

MINISTRY OF INDUSTRY
(DEPARTMENT OF HEAVY INDUSTRY)

*(Action taken by Government on the Recommendations contained in the
34th Report of the Committee on Public Undertakings (Tenth Lok Sabha)*



*Presented to Lok Sabha on 26 April, 1995
Laid in Rajya Sabha on 26 April, 1995*

LOK SABHA SECRETARIAT
NEW DELHI

April, 1995/Chaitra, 1917 (Saka)

C.P.U. No. 751

Price: Rs. 14.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and printed by the Manager, Photo Litho Unit, Government of India Press, Minto Road, New Delhi-110002.

CORRIGENDA TO FORTY FIRST REPORT OF
COMMITTEE ON PUBLIC UNDERTAKINGS
(TENTH LOK SABHA)

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8	1	7	-	The line 'The Company of India' may be deleted.
9	Recom. No. 3	9	acquire	acquired
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24.	4	12 (from bottom)	considered	consider
25	last line (in star*)	last line	*Appeared before the Committee of the Draft Action Taken Report:	*Appeared before the Committee after adoption of the Draft Action Taken Report on CCI.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE.....	(iii)
INTRODUCTION.....	(v)
CHAPTER I Report.....	1
CHAPTER II Recommendations that have been accepted by Government.....	8
CHAPTER III Recommendations which the Committee do not desire to pursue in view of Government's replies.....	15
CHAPTER IV Recommendations in respect of which replies of Government have not been accepted by the Committee.....	16
CHAPTER V Recommendations in respect of which final replies of Government are still awaited.....	17
APPENDICES	
I. Minutes of sitting of Committee on Public Undertakings (1994-95) held on 22nd March, 1995.....	25
II. Analysis of action taken by Government on the recommendations contained in the 34th Report of Committee on Public Undertakings (Tenth Lok Sabha).....	27

COMMITTEE ON PUBLIC UNDERTAKINGS
(1994-95)

Shri Vilas Muttemwar—*Chairman*

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Forty-first Report on Action Taken by Government on the recommendations contained in the Thirty-fourth Report (Tenth Lok Sabha) of the Committee on Public Undertakings (1993-94) on Cement Corporation of India Limited.

2. The Thirty-fourth Report of the Committee on Public Undertakings (1993-94) was presented to Lok Sabha on 29th April, 1994. Replies of Government to all the recommendations contained in the Report were received on 10th February, 1995. The Committee on Public Undertakings considered and adopted this Report at their sitting held on 22nd March, 1995.

3. An analysis of the action taken by Government on the recommendations contained in the Thirty-fourth Report of the Committee is given in Appendix-II.

NEW DELHI;
20 April, 1995

30 Chaitra, 1917 (Saka)

VILAS MUTTEMWAR,
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 Thirty Fourth Report (10th Lok Sabha) of the Committee on Public Undertakings on Cement Corporation of India Limited which was presented to Lok Sabha on 29th April, 1994.

2. Action Taken Notes have been received from Government in respect of all the 13 recommendations contained in the Report. These have been categorised as follows:

- (i) Recommendations/Observations that have been accepted by Government
Sl. Nos. 1, 3, 4, 6, 7, 11 and 12
- (ii) Recommendation/Observation which the Committee do not desire to pursue in view of Government's replies.
NIL
- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee.
Sl. No. 10
- (iv) Recommendations/Observations in respect of which final replies of Government are still awaited.
Sl. Nos. 2, 5, 8, 9 and 13

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

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

A. Physical & Restructuring of CCI

Recommendations (Sl. Nos. 2, 8 and 9 Paragraphs 1.21 to 1.23 and 4.38 to 4.41)

4. The Committee had observed that according to the micro objectives of CCI, the Company aimed to emerge as a growing and important leader in the production of cement in the country by creating additional capacity either by expansion or by improved technology or by setting up new cement plants to emerge as the largest seller of cement in the country and to continue to perpetuate and improve upon the same position by constant increase in the production capabilities. Contrary to the objectives so laid down, Cement Corporation of India's share in the total production of the

country had been very meagre in the past few years. The Committee had, therefore, urged that the Government should work out a comprehensive proposal for strengthening CCI by providing additional investment wherever necessary so that it could accomplish its well defined objectives. They had also recommended that final decision regarding the capital restructuring proposal which was initially submitted by CCI in December, 1992 should be taken within three months of presentation of the Committee's Report after careful and judicious analysis of all the factors.

5. In regard to the units which had remote or no possibility of becoming viable, the committee had noticed that although the proposal for disposal of two units of Kurkuntla and Charkhi Dadri was sent by CCI to the Ministry in June, 1992 and for Nayagaon Complex in September, 1993, the Government could not arrive at any conclusion and had asked for unit-wise information from CCI. The Committee had recommended that Government should constitute a Committee of experts including financial experts which should go into details and weigh all the pros and cons of disposal of these units and submit its report within three months. After the report of this committee a final decision regarding the fate of three units should be taken by Government.

*6. In their reply, the Government have stated that the CCI's proposal for restructuring has already been examined by the Department of Heavy Industry in consultation with other concerned Departments. Steps have been taken to seek the approval of the competent authority with a view to expediting the Government decision on the restructuring which also includes disposal of unviable units of CCI. After a decision is taken by Government on this proposal, further steps will be initiated for formulation of specific proposals regarding disposal of individual units and for financial restructuring. According to Audit, another proposal for restructuring submitted by CCI in January, 1994 is also pending with Government for approval.

7. The Committee express their strong displeasure over the inordinate delay on the part of Government in taking a final decision on the proposal for restructuring which was initially submitted by Cement Corporation of India in December, 1992. This is inspite of the recommendation of the Committee that a final decision in the matter should be taken within three months of the presentation of their Report. They would like to emphasise that since the disposal of unviable units of CCI has also now been linked to the physical and financial restructuring of the company, the overall financial health of the company hinges on an early decision on this issue.

* At the stage of factual verification, the Ministry of Industry (Deptt. of Heavy Industry) vide their O.M. No. 10/7/92-P.E.XII dt. 7.4.1995 have informed the Committee that the proposal for physical and financial restructuring of CCI including, *inter alia*, disposal of units have since been considered by the Group of Ministers (GOM) during March, 1995. Necessary follow-up action in the matter is now being taken.

The Committee would, therefore, urge the Government to take a final decision in the matter within one month of the presentation of this Report under intimation to them.

B. Loss of Mineable area in Nayagaon

Recommendation (Sl. No. 3, Paragraph 2.49)

8. The Committee had observed that investigation work carried out in Nayagaon revealed sufficient availability of mineable grade limestone which could have supported a plant of capacity of 1200 tonnes per day, for 50 years. Although the company acquired mining lease but factory and township were constructed on a site in a quarry area depriving company of 31 percent of the mineable reserve. It was only in October, 1993 i.e. after about 20 years of the acquisition of the mining lease, that Government directed CCI to enquire into the matter. The Committee had expressed that merely by stating that the relevant records in this case were lost in the fire, could not absolve CCI and the Ministry from their responsibilities. They had therefore, desired that an enquiry be initiated afresh at the earliest which should not only fix responsibility for the loss of mineable area to the Company but also look into circumstances in which the vital records of the case were destroyed.

9. The Government have replied that CCI constituted a committee to examine the circumstances leading to construction of staff quarters and factory over the mineable limestone reserves. This committee has submitted its report recently and the same was being examined by the Company. Another fact finding committee has been constituted by the Company in September, 1994 to look into the fire in which valuable records were destroyed in 1979.

10. The Committee desire that the report of the Committee which went into the circumstances leading to construction of staff quarters and factory over the mineable limestone reserves in Nayagaon should be examined urgently with a view to fixing responsibility for the loss of mineable area to the company. They would also urge that the report of the other Committee constituted to look into the circumstances in which vital records of the case were destroyed, should be expedited and the Committee apprised of the action taken on both these Reports within one month of presentation of this Report.

C. Time and Cost overruns in Projects

Recommendation (Sl. No. 5(1), Paragraphs 2.52 and 2.53)

11. The Committee had found that Tandur project of CCI which was originally scheduled to be completed in June, 1982 was completed in June, 1986. Similarly, the Clinkerisation Unit of Nayagaon Expansion Project which was scheduled to be completed in April, 1986 was completed in October, 1987. There were huge cost overruns also. The Committee had desired that responsibility should be fixed for delay in execution of these

projects. The Committee had also noticed that the then Director In-Charge of Nayagaon Project was charge sheeted just a month before his retirement for certain lapses in placing and execution of the order for design, engineering and supply of Bulk conveyor system by the supplier. However, the Director got the matter stayed through the High Court in November, 1991. The Committee had desired that efforts should be made to get the stay vacated and steps taken for his prosecution.

12. Government in their reply have stated that a committee constituted by CCI for fixing the responsibility for delay in execution of all the projects, was to submit its report within four months *i.e.* by 6 January, 1995. However, this Committee has sought extension of time. In regard to the action against the then Director Incharge of Nayagaon Project, it has been stated that efforts were being made to get an early vacation of the stay taken by the former Director. However, the Central Vigilance Commission (CVC) have observed that there is no provision in the CCI's Conduct, Discipline and Appeal Rules for continuation of the departmental proceedings after retirement hence the matter relating to departmental enquiry has been treated as closed at CVC's end. Keeping in view the CVC's recommendations in this regard, Government have asked CCI to take legal advice on the further action to be taken to safeguard the interest of CCI as well as general public.* In order to avoid recurrence of such cases in future, CCI was also being directed to examine the feasibility of amending the CDA rules to make necessary provision for taking action against the guilty officials even after retirement.

13. The Committee recommend that the report of the Committee set up to examine the reasons for delay in the various projects should be expedited and responsibility fixed for such delays under intimation to the Committee. They would also like to be informed of the legal advice taken and action taken thereon in regard to the case relating to the then Director in-charge of Nayagaon Project as well as the amendments made in the Conduct, Discipline and Appeal Rules of CCI to avoid recurrence of such cases in future.

D. Bhatinda Unit & Yerraguntla Project

Recommendation (Sl. No. 5(2), Paragraphs 2.54 & 2.55)

14. The Committee had observed that after incurring a sum of Rs. 8.62 crores as on 31st March, 1993, the fate of the Bhatinda Grinding Unit of Nayagaon Expansion Project was uncertain, since CCI had no funds to execute the Project and the Ministry of Industry had also shown their helplessness in the matter. In the case of Yerraguntla Expansion Project

*At the stage of factual verification, the CCI vide their letter No. DF/COPU/83/95/5929 dt. 18.4.95 has informed the Committee that: 'CCI has carried out necessary amendment in the CDA Rules.'

which the contractors referred to Arbitration demanding an unreasonable escalation in prices, the Government subsequently decided that it may not be possible to go through the project because the IRR of the project has gone down. However, no final decision could be taken in the matter in spite of the recommendation of the Committee of Secretaries in December, 1992 that the project be wound up. The Committee had urged the Government to take a final decision in regard to the future of both these projects without any further delay.

15. The Government have stated in their reply that the issue relating to Bhatinda Grinding Unit has been included in the physical and financial restructuring proposal being considered by the Government. As for the Yerraguntla Expansion Project of CCI, it has been stated that the future of this Project was under consideration of the Government and a decision was likely to be taken thereon.

16. The Committee are dismayed to learn that Government have not yet arrived at a final decision regarding the fate of Bhatinda Grinding Unit and Yerraguntla Expansion Projects. Bhatinda Grinding Unit is now to have been linked with the physical and financial restructuring of CCI about which the Committee have already recommended for an early decision. However, they are at a loss to understand as to why it has not been possible so far to take a final decision in respect of Yerraguntla Project where the Committee of Secretaries had recommended its closure as far back as in 1992. The Committee reiterate their earlier recommendation that the final decision regarding Bhatinda Grinding Unit and Yerraguntla be taken without any further loss of time under intimation to the Committee.

E. Delay in signing MOU

Recommendation (Sl. No. 6, Paragraph 3.20)

17. The Committee had observed that actual production of Cement in CCI was far below the capacity built up as well as the targets. The actual production during the years 1989-90 to 1992-93 ranged between 58% and 74% of the installed capacity. In none of the years the company could even achieve the targets set for production. The Committee were not convinced with the reasons put forward by the Company that production targets were usually kept higher than the realistic targets to ensure that units put up their best efforts in meeting them. They had desired that instead of fixing inflated targets management should make efforts in the real sense to achieve higher production. They also desired that in future the targets should be fixed keeping in mind the normal fluctuations, planned shut down of plants, probable non-materialisation of infrastructure facilities and likely availability of wagons and coal etc.

18. The Ministry have replied that the production targets of CCI are fixed up taking into account the availability of infrastructure facilities like coal linkages, wagon quota, power etc. Since CCI is an MOU signing Company, the targets are finalised after due consideration of these and

related factors. In this connection, the Audit has commented that though presently targets are being fixed taking into account the availability of infrastructure facilities like coal linkages, wagon quota, power etc. but the MOU for the year 1994-95 is yet to be signed.

19. The Committee are glad to note that presently the targets of production in CCI are being fixed taking into account the availability of infrastructural facilities like coal linkages, wagon quota, power etc. However, it is astonishing to find that the MOU for the year 1994-95 has not been signed even up to February, 1995. Needless to say, such inordinate delays in signing the MOU render the whole concept of MOU meaningless. In order to ensure that the performance of the company can be judged properly against the targets set in the MOU, the Committee recommend that the MOU should be signed well before the beginning of the financial year.

F. Infrastructural Problems

Recommendation (Sl. No. 7, Paragraphs 3.21 to 3.23)

20. The Committee had observed that production of CCI was hampered due to frequent power cuts and CCI had submitted proposals for captive power plants by way of purchasing DG Sets. The Committee were dismayed to learn that the funds which were earmarked for CCI in the Annual Plan of 1990-91 were diverted to some other undertaking under the control of Department of Heavy Industry. They had urged that Government should provide necessary funds to CCI to have the matching captive power to sustain growth. While noting that the loss of production in CCI due to factors like coal, power and wagons was 15 per cent against 5 percent in the private sector, the Committee had also desired that the Ministry of Industry should provide all necessary assistance to CCI to overcome the coal and wagons problems.

*21. The Ministry have replied that a plan provision of Rs. 25.00 crores has been earmarked for CCI in the current financial year (*i.e.* 1994-95) for procurement of Diesel Generating Sets. But the funds for DG sets have not been released as the tender process for purchase of equipments has not been finalised so far by the CCI. About the assistance to CCI in the matter of supply of adequate coal and wagons it has been stated that the Ministry provides all possible assistance whenever required.

22. The power cuts have been one of the major problems hampering the production of CCI. The company has been insisting on purchase of DG sets to overcome this problem. Now that the funds have been provided by the Govt. for the purpose, the Committee recommend that no time should be

* At the stage of factual verification, the Ministry of Industry (Deptt. of Heavy Industry) *Vide* their O.M. No. 10/7/92-PE.XII dated 7.4.1995 have informed the Committee that Plan Provision of Rs. 25.00 crores earmarked for purchase of Diesel Generating Sets during 1994-95 has been released to the CCI during March. 1995.

lost by the company in purchase of DG sets. Once the Company overcomes the hurdle of power, the Committee are confident that it would be able to show better results. The Committee would also like to be informed as to how far the loss of production due to factors like coal and wagons has been brought down as a result of efforts stated to have been made by the Ministry of Industry.

G. Shortage of Stores and Spares

Recommendation (Sl. No. 10, Paragraphs 5.19 and 5.20)

23. The Committee had observed that shortages for Rs.122.43 lakhs of A and B class stores noticed in 1986 were not properly accounted for by the company and the same were written off without giving adequate reasons. A Committee appointed by CCI to investigate the matter did not record the reasons for shortages and subsequently no responsibility was fixed. The Committee had therefore desired to be apprised of the reasons for that Committee having neither recorded the reasons for shortages nor fixing responsibility for the shortages.

The Committee had also observed that in Akaltara Unit of CCI, shortages of stocks valuing Rs. 65.70 lakhs found during 1984-85 were not reflected in accounts. Also shortage of 23000 MT continued for more than 2 to 3 years. In this case also, the Committee appointed by CCI had not recorded the reasons for this shortage. The Committee had conveyed their displeasure over the fact that although enquiries were conducted for the lapses but no inference could be drawn as the necessary records regarding the cases were not available.

24. Government in their reply have stated that the company constituted a Committee to look into the matter relating to shortages which was to submit its report within 3 months *i.e.* by 6 December, 1994. However, this Committee has sought extension of time for submitting its Report.

25. The Committee are not satisfied with the reply furnished by Government. Instead of furnishing the justification for the earlier Committees not having recorded the reasons for the shortages and having failed in fixing the responsibility another Committee is stated to have been appointed by CCI. Even this Committee has failed to submit its report within the stipulated time of three months and has sought further extension. The Committee would recommend that at least the report of this Committee should be expedited and the findings intimated to them. They also recommend that in future if any Committee is to be constituted for investigating into any shortages, it should not only record the reasons for shortages but also fix responsibility therefor.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1)

The Cement Corporation of India Limited came into existence on 18.1.1965 as a company wholly owned by Government of India. The Company wholly owned by Government of India. The Company has 11 plants all over the country with a total installed capacity of 42.16 lakh metric tonnes. The Committee's examination has revealed that the plants of the company were not located at economically most advantageous areas. Three of the plants of CCI viz. Tandur, Adilabad and Yerraguntla which accounts for nearly 45% of total capacity of CCI are located in Southern part of India where there is chronic power shortage. The Committee also found that the demand for cement was more in north and north eastern part of India.

What dismays the Committee further that even at the time of setting up these plants in the South, North was a little more deficient in cement than other part of the country and South was in fact surplus in Cement production. Admittedly, while approving these projects in the South, no comparative study was made by CCI or the Government about the sites in different parts of the country. The reasons put forward by the Secretary, Department of Heavy Industry, *inter-alia*, that due to the existence of freight equalisation scheme and the industrial policy prevalent at the time, plants were set up in the South hardly convince the Committee. The Committee are of the firm view that the decision regarding location of the plants should have been based on the market situation keeping in mind the areas which were deficient in cement. At this stage, the Committee can only express their displeasure over the faulty decisions taken by the Government in the past. They recommend that in future due consideration should be given to all the relevant factors apart from the infrastuctural facilities before setting up a plant. Besides whenever proposals are pending for setting up new Cement Plants by CCI, availability to adequate power should be ensured before setting up these plants.

Reply of the Government

The observations of the Committee have been noted. Presently there is no new Project proposed.

Comments of Audit

Presently, there is no new project in hand. Hence, no comments.

[Ministry of Industry (Department of Heavy Industry) OM No. 10/67/92-PE.XII dated 10.2.1995)].

Recommendation (Serial No. 3)

The Committee find that investigation work carried out in Nayagaon revealed sufficient availability of mineable grade limestone which could have supported a plant of capacity of 1200 tonnes per day, for 50 years. Although the Company acquire mining lease but factory and township were constructed on a site in a quarry area depriving company of 31 per cent of the mineable reserve. It is regrettable that the decision for the construction of the township and factory was taken by an official of the level of Director yet the Government was not aware of the same. The matter came only to their knowledge when C&AG conducted the appraisal of CCI during 1991-92. It was only in October, 1993, that Government directed CCI to enquire into the matter i.e. after about 20 years of acquisition of mining lease in February, 1974, and that too when the Committee took up the subject for examination. To say the least, it is indeed a sorry state of affairs not only on the part of the CCI but the Ministry also that no responsibility for this irrational decision was ever fixed. In view of the Committee merely by stating that the relevant records in this case were lost in the fire, cannot absolve CCI and Ministry from their responsibility. They desire that an enquiry should be initiated afresh at the earliest which should not only fix responsibility for the loss of mineable area to the Company but also look into circumstances in which the vital records of the case were destroyed. The Committee strongly feel that suitable system should be evolved both at Company and Government level to ensure that such things do not happen in future and valuable records are not lost.

Reply of Government

Government have directed CCI to look into the matter once again afresh and furnish the details of the sequence of events which culminated in the decision to build the township over the limestone reserves. CCI have also been directed that in future the lay-out of the factory and township should be examined carefully and advised not to permit location of the factory/township at such places where there are mining reserves.

CCI is constituting a Committee to examine the circumstances leading to construction of staff quarters and factory over the mineable limestone reserves, which is expected to submit its report within 3 months of its

constitution. One more fact-finding Committee is being constituted by CCI to look into the fire in which valuable records were destroyed in 1979.

Comments of Audit

The Committees as advised by the Govt. have been set up by CCI vide their order Nos. DF/83/COPU/94/6197-6202 and 6203-8 dated 7.9.94 to examine the circumstances (i) leading to construction of staff Quarters and factory over the mineable limestone reserves in Nayagon ; and (ii) leading to fire in which vital records were destroyed in the year 1979. The Committees are to submit its reports within three months of its constitution i.e. 6.12.94

Further reply of the Government

CCI has intimated that the Committee set up by them has submitted its report recently and the same is being examined by them.

[Ministry of Industry, Deptt. of Heavy Industry O.M. No. 10/67/92-PE.XII dated 10.2.1995]

Recommendation (No. 4)

The Committee note that due to delay in completion of 5th and 6th Five Year Plan Projects as well as 7th Five Year Plan Projects there has been substantial increase in the cost of the projects. In the 7 completed projects of 5th and 6th Five Year Plan the time over-run was more than 20 months and in fact it was as high as 54 months in the case of Yerraguntla Project. This resulted in cost over-run of Rs. 95.31 crores over originally estimate of Rs. 86.24 crores that is about 110%. The Committee are distressed to find that inspite of the earlier recommendations made in their 69th Report (5th Lok Sabha), the Cement Corporation could not complete their projects in time. This is inspite of the fact that these projects were monitored by the Department of Heavy Industry, Planning Commission and the Ministry of Programme Implementation. The progress of the projects was also stated to be reviewed by the Planning Commission during the Annual Plan discussions. The Ministry have admitted that CCI had been sending monthly flash reports to the concerned authorities. The Committee are led to the conclusion that apart from inadequacies and failures in Project formulation and implementation as discussed in the succeeding paragraphs the Ministry of Industry and other agencies involved failed to fulfil their responsibility properly.

The Committee desire that the Ministry should in future take appropriate action for timely completion of projects and take quarterly progress reports etc. furnished by the Corporation as a serious exercise by giving them a proper feed back and not treating them as routine exercises. The Department of Heavy Industry should effectively coordinate with other Ministries like Ministry of Finance etc. so that the projects which are approved are not delayed due to delay in financing of projects.

Reply of the Government

The observations of the Committee have been noted. Presently, there is no CCI Project under active implementation.

Comments of Audit

Presently, there is no new project under active implementation. Hence, no comments.

[Ministry of Industry, Deptt. of Heavy Industry O.M. No. 10/67/92-P.E.XII dated 10.2.1995]

Recommendation (Serial No. 6)

The Committee regret to note that over the years the actual production of Cement in CCI has been far below the capacity built up as well as the targets. The actual production during the years 1989-90 to 1992-93 ranged between 58% and 74% of the installed capacity. In fact the capacity utilisation in 1992-93 has gone down to 70% against 74% in 1991-92. The Committee are also unhappy to note that the capacity utilisation of CCI is substantially lower than the capacity utilisation in private sector cement plants. In none of the years the company could even achieve the targets set for production. The Committee are surprised at the revelation made by the Company that the production targets are usually kept higher than the realistic targets to ensure that the units put up the best efforts in meeting the targets. The Committee urge that instead of fixing inflated targets management should make efforts in the real sense to achieve higher production. They also desire that in future the targets should be fixed keeping in mind the normal fluctuation, planned shut down of plants, probable nonmaterialisation of infrastructure facilities and likely availability of wagons and coal etc.

Reply of the Government

The production targets of CCI are fixed up taking into account the availability of infrastructural facilities like coal linkages, wagon quota, power etc. Since CCI is an MOU signing Company, the targets are finalised after due consideration of these and related factors.

Comments of Audit

Presently targets are being fixed taking into account the availability of infrastructural facilities like coal linkages, wagon quota, power etc. However, MOU for the year 1994-95 is yet to be signed.

Further reply of the Government

The draft MOU for 1994-95 has already been approved by the High Power Committee (HPC) and CCI has been advised to sign the MOU. CCI has sought certain clarifications and these are being sorted out.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-PE. XII dated 10.2.1995].

Comments of the Committee
(Please see para 19 of Chapter I of the Report)
Recommendation (Serial No. 7)

The Committee further note that the production of CCI is hampered due to power cuts. To maintain the power supply, CCI had submitted proposals for captive power plants by way of purchasing DG Sets. The Committee are dismayed to note that although the Planning Commission had given consent for inclusion of purchase of 2 DG sets for CCI's plants at Tandur and Yerraguntla in the Annual Plan 1990-91 by providing extra budgetary support, the funds which were earmarked for CCI were diverted to some other Public Undertaking under the control of Department of Heavy Industry, which, while fully knowing that CCI desperately needed DG sets for improving their performance failed to pursue the matter and on the contrary, diverted the funds to some other undertakings. The Committee recommend that atleast now the Government should act judiciously and provide necessary funds to CCI to have the matching captive power to sustain growth.

The Committee are also perturbed to note that while the CCI maintains that production was low due to recession in the market, the Ministry did not carry out any indepth study to ascertain the reasons for the shortfall in production. The Ministry normally seems to go by the assessment of CCI in any matter. The Committee desire that a proper study about the market situation should be made and CCI should be advised accordingly to capture a substantial share in the market. Government should also consider giving purchase preference to CCI wherever possible.

Another problem being faced by CCI was stated to be due to shortage of coal and wagons. The Committee have been informed that loss of production in CCI due to factors like coal, power and wagons was 15 per cent against 5 per cent in the private sector. They desire that as assured by the Ministry, all necessary assistance should be provided to CCI to overcome the coal and wagon problems faced by the Company. The Ministry of Industry should hold regular and frequent meetings with the Ministry of Railways to ensure availability of sufficient wagons to CCI.

Reply of the Government

A Plan provision of Rs. 25.00 crores has been earmarked for CCI in the current financial year (i.e. 1994-95) for procurement of Diesel Generating Sets.

The physical and financial restructuring of CCI is presently being considered by the Govt. with a view to improving the overall performance of the Company.

CCI is a commercial organisation and market strategies are determined by them. As regards purchase preference to CCI, the State Government/

Union Territories have already been requested by the Government to give purchase preference to CCI.

Regarding assistance to CCI in the matter of supply of adequate coal and wagons, it is submitted that the Govt. provides all possible necessary assistance to CCI for overcoming the coal and wagon problems faced by the Company, whenever required.

Comments of Audit

The funds for diesel sets are yet to be released by the Govt. of India.

According to the Management the Railways have not been able to provide wagons at the appropriate place and time as a result of which resort to despatches by road takes place or material is despatched to a destination where wagons are available but at lower realisation.

Further reply of the Government

Funds for DG Sets has not been released as the tender process for purchase of equipments has not been finalised so far by the CCI.

This Deptt. has been taking up with the Railways from time to time CCI's request for supply of adequate number of railway wagons for despatch of material.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 1067/92-PE. XII dated 10.2.1995].

Comments of the Committee

(Please see Para 22 of Chapter I of the Report)

Recommendation (Serial No. 11)

The Committee note that against an order for 458 lakhs gunny bags placed by CCI in 1983-84, the suppliers short supplied 68.65 lakh bags. Instead of making efforts to know the reasons for the short supply of bags against the first order, the corporate office placed another order at a higher rate with the same supplier with this the remaining bags of first order were also supplied leading to avoidable loss of Rs. 52.51 lakhs. A case was filed by CBI in this regard against some ex-officials of the Company which is still *sub-judice*.

The Committee are of the firm opinion that there is urgent need to strengthen the Company's Material Management Department and internal audit system so that such irregularities immediately could come to knowledge of Management and remedial steps taken urgently. The Committee would await the decision of the court in regard to the case filed by CBI against the ex-official of the Company.

Reply of the Government

CCI is making efforts for strengthening its Materials Management Department and the Internal Audit. The Materials Management Deptt. has been restructured and a number of official from outside have been inducted. Strict control is being exercised on the activities relating to this

Department. The Internal Audit of the Corporation has also been strengthened and its frequency has been increased. Professional Auditors have been appointed in each Zone and the Units for internal audit.

Comments of Audit

The internal audit and material management wings have been strengthened by CCI.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 1067/92-PE.
XII dated 10.2.1995].

Recommendation (Serial No. 12)

The Committee are satisfied to learn that CCI has marginally improved its export performance from 1500 MT in 1991-92 to 7600 MT worth Rs. 1.24 crores in 1992-93. But they are of the view that a lot still remains to be done. So far the Company has been able to export cement to Bangladesh only. The Committee desire that CCI should explore further markets in neighbouring countries like Nepal, Sri Lanka, Burma and Pakistan etc. Efforts should be made to enter into bilateral agreements. The Committee also desire that in future if any new plants is to be added to CCI, it should be near the port as far as possible so that the Company can augment their export potentials.

Reply of the Government

The observations of the Committee have been noted.

Comments of Audit

No new plant is under Government's active consideration. Hence, no comments.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-PE.
XII dated 10.2.1995].

CHAPTER III

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

-NIL-

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

Recommendation (Serial No. 10)

The Committee find that shortages for Rs. 122.43 lakhs of A and B class stores noticed in 1986 had not been properly accounted for by the company and the same were written off without giving adequate reasons. The Committee are surprised to observe that although a Committee was appointed to investigate in this regard but it did not record the reasons for shortages and subsequently no responsibility was fixed. They would like to be apprised of the reasons for the Committee having neither recorded the reasons for shortages/fix responsibility for the shortages.

It also come out that in Akaltara Unit of CCI, shortages of stocks, valuing Rs. 65.70 lakhs found during 1984-85 were not reflected in accounts. Similarly shortage of 23000 MT continued for more than 2 to 3 years. In this case also, the Committee appointed by CCI had not recorded the reasons for this shortage.

The Committee are perturbed to find that although enquiries were conducted for the lapses but no inference could be drawn as the necessary records regarding the cases were not available.

Reply of the Government

CCI is constituted a Committee to look into the matter relating to shortages. This Committee will submit the Report within next 3 months and the Hon'ble Committee will be apprised of the findings in due course.

Comments of Audit

CCI's reply is not consistent with the Committee's recommendation as the Committee desired to know the reasons for neither recording the reasons for shortages nor fixing responsibility for shortages by the Committee constituted by CCI. Instead CCI has constituted one more Committee to look into the matter. The Report of the Committee is due by December, 1994.

Further reply of the Government

CCI has intimated that the Committee has not yet furnished its Report and has sought extension of time. The Committee has been directed to expedite its Report.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-
PE.XII dated 10.2.1995].

Comments of the Committee

(Please see Para 25 of Chapter I of the Report)

CHAPTER V

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

Recommendation (Serial No. 2)

The Committee find that according to the micro objective of CCI as approved by the Government in February, 1984, the Company *inter-alia* aimed to emerge as a growing and important leader in the production of cement in the country by creating additional capacity either by expansion or by improved technology or by setting up new cement plants to emerge as the largest seller of cement in the country and to continue to perpetuate and improve upon the same position by constant increase in the production capabilities.

The Committee are, however, distressed to note that instead of emerging as the leader in the industry, CCI's share in the total cement production of the country has been very meagre in the past few years. In the year 1990-91, its production was 6.29 percent of country's production of 455 lakh tonnes of cement. The Company attributed this state of affairs to the change in external environment policies, lack of funds and increasing number of private companies in the cement sector. The Committee are, however, of the opinion that within these constraints, there is still scope for CCI to improve their capacity utilisation and achieve the objective of increasing its share in the cement market in the country.

The Committee are also unhappy with the views of Government that, CCI is also not in a position to play an effective role in the cement market. It appears to the Committee that the Government have tacitly decided to accord a low priority to this Sector. The Committee are of the view that cement industry, being one of the most important industries which play a crucial role in developing infrastructure cannot be left like that. They, therefore, urge that the Government should work out a comprehensive proposal for strengthening CCI and provide additional investment wherever necessary so that it can accomplish its well defined objectives.

Reply of the Government

Constant efforts are made to improve the capacity utilisation and overall performance of CCI. The Government is considering physical and financial restructuring of CCI with a view to improving its performance.

Comments of Audit

The Company in its reply to Government *vide* their letter No. DF/Cap.Rest. 91-94/5102-3 dated 31.5.94 in connection with Capital Restructuring Plan

stated that if the availability of Power, Coal and Wagons is improved the capacity utilisation in the viable plants (Bokajan, Rajban, Yerraguntla, Adilabad and Tandur) can be improved upto 85-90 percent. Further action taken by the Government with regard to the availability of coal, power and wagons has not been stated.

As regards the proposed capital restructuring, the Company's proposal submitted in January, 1994, is yet to be approved by Government.

Further reply of the Government

Allocation of coal to various cement plants, both in public sector as well as private sector is done by the standing Linkage Committee under the Deptt. of Coal depending on the past performance and the demand in respect of the individual units.

Allocation of wagons is done by the concerned Railway authorities. Deptt. of Heavy Industry has been taking up the matter with the concerned Deptts. for augmentation of coal and wagon supply, as and when requested by CCI.

As regards availability of power also, Deptt. of Heavy Industry has been taking up the matter with the concerned State Governments from time to time for favourable consideration of CCI's request for augmentation of the power supply to the concerned units.

Steps are being taken to have the Government decision of CCI's restructuring expedited.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-PE.XII dated 10.2.1995].

Comments of the Committee

(Please see Para 7 of Chapter 7 of the Report)

Recommendation [Serial No. 5(1)]

The Committee are perturbed to find that the Tandur Project which was originally scheduled to be completed in June, 1982, was completed in June, 1986. The expenditure incurred on the Project upto 31st March, 1992, was Rs. 15.15 crores as against the original estimates of Rs. 5.4 crores approved by the Government. Not only was there time and cost overrun but it took 13 months to start the Commercial production after completion of the project. The reason for the delay in start of commercial production has been stated to be the financial problems faced by the turn key suppliers during the trial production and they closed the work. What is more distressing is the fact that although all the plant and machinery for the project were

procured on turn-key basis yet the company failed to encash bank guarantee after the contractors M/s. ABL Limited failed to carry out the performance guarantee test.

The Ministry of Power is stated to have advised against the encashment of the bank guarantee. To the Committee, the role of the Ministry of Industry does not appear to be worth appreciating as they failed to pursue the matter vigorously with the Ministry of Power and performance guarantee lapsed in the meantime. The Committee also take a serious note of the fact that not only in the case of Tandur Project in most of the cases company was unable to get the performance guarantee service for the plants.

Similarly, the Clinkerisation Unit of Nayagaon Expansion Project which was scheduled to be completed in April, 1986, was completed in October, 1987, and as against the original estimates of Rs. 65 crores approved by Government the actual expenditure incurred upto 31st March, 1992, was Rs. 150.37 crores, here also the commercial production started only in May, 1990. In the case of Nayagaon Expansion Project also defective equipments, systems and designs were stated to have been supplied by the Turn-key supplier resulting in number of failures of equipments and more time taken in stabilisation. The Committee have been informed that defective equipment for Nayagaon Project were purchased during the period 1984-87 and there were delays in placing and execution of the order for design, engineering & supply of Bulk Conveyor System by the supplier. The Director In-charge of the Project was charge-sheeted for some of these lapses just a month before his retirement. The Committee are surprised that although the Ministry was in receipt of the quarterly progress reports from CCI yet the fact regarding the dubious dealings of the then Director (Projects) who subsequently joined one of the suppliers came to the notice of the Ministry just a month before his retirement, although the charges against the Director did not relate to the dealings with this particular supplier. The Committee can only express their unhappiness over the fact that the then Director got the matter stayed through the High Court in November, 1991, and there is no possibility of an early vacation of the stay. The Committee desired that efforts should be made to get the stay vacated and steps taken for his prosecution. They also desire that responsibility should be fixed for delay in execution of all these projects.

Recommendation [Serial No. 5(2)]

The Bhatinda Grinding Unit of Nayagaon Expansion Project which was scheduled to be completed by April, 1986, as per the DPR has not so far been completed due to delayed clearance by Ministry of Environment and Forest which was received only in February, 1993. The Committee are astonished to observe that after incurring a sum of Rs. 8.62 crores as on 31st March, 1993, the fate of the Project is uncertain, since the CCI has no

funds to execute the Project and the Ministry of Industry have also shown their helplessness in the matter. The Committee have been informed by the Secretary, Department of Heavy Industry that in case the Bhatinda Grinding Unit is not set up, half of the Clinker produced at Nayagaon would go waste. The Committee express their displeasure over the delay in taking a decision in the matter and desire that a final decision regarding the fate of the Bhatinda Grinding Unit should be taken without any further delay and the Committee apprised in the matter.

Yerraguntla Expansion Project was the third project of the Seventh Plan which was scheduled to be completed in April, 1987. However, the project has not so far been completed. In the meantime, the cost of the project which was approved at Rs. 75.72 crores in April, 1981, is expected to go upto Rs. 307 crores. The cost went up initially because the Government could not provide necessary funds for the project and subsequently the contractors referred the case to Arbitration demanding an unreasonable escalation in prices. The Government subsequently decided that it may not be possible to go through the project because the IRR of the project has gone down. The Committee of Secretaries to whom the matter was referred also recommended in December, 1992, that the project be wound up. However, the Government have not been able to take a final decision so far in regard to the future of the Yerraguntla Expansion Project. The Committee are unable to understand the failure of the Government in arriving at a final decision in respect of the recommendations made by the Committee of Secretaries for closure of the project. They would urge the Government to take a decision in regard to the future of the project without any further loss of time under intimation to the Committee.

Reply of the Government

Efforts are being made to get an early vacation of the stay. However, the Central Vigilance Commission (CVC) have observed that there is no provision in the CCI's Conduct, Discipline and Appeal Rules for continuation of the departmental proceedings after retirement. The matter relating to departmental enquiry has been treated as closed at CVC's end.

Keeping in view the CVC's recommendations in this regard, Govt. has asked CCI to take legal advice on the further action to be taken to safeguard the interest of CCI as well as general public interest.

For fixing the responsibility for delay in execution of all the projects, CCI is constituting a Committee which will examine the reasons for delay in the various projects. The Committee will submit their report within next four months.

As regards a decision on the Bhatinda Grinding Unit, this issue has been included in the physical and financial restructuring proposal being considered by the Government.

As for the future of the One Million Tonne Yerraguntla Expansion Project of CCI, it is reiterated that the future of this Project is under consideration of the Government and a decision is likely to be taken thereon.

Comments of Audit

Management has informed that legal opinion from an advocate is being taken shortly.

As regards formation of a committee by CCI for fixing responsibility for delay in execution of all projects the same has been formed by Office Order No. DF/83/COPU/94/6216-6222 dated 7.9.94. The Committee is to submit its report within four months of its constitution i.e. by 6.1.1995.

With regard to Yerraguntla Project and Bhatinda Unit, the decision of the Government. on restructuring plan is awaited.

Further reply of the Government

The Committee set up by the CCI has not yet submitted its report and has sought extension of time beyond 6.1.1995. Legal advice will be taken after the report of the Committee is available. However, in order to avoid recurrence of such cases in future, CCI is being directed to examine the feasibility of amending the CDA rules to make necessary provision for taking action against the guilty officials even after retirement.

The proposal on restructuring of CCI has been examined in consultation with the concerned Deptts. and steps are being taken to get the Govt. decision thereon expedited.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-PE.XII dated 10.2.1995].

Comments of the Committee

(Please see Paragraph numbers 13 and 16 of Chapter 7 of the Report)

Recommendation (Serial No. 8)

The Committee note that Cement Corporation of India Limited has been incurring losses continuously over the past many years though it earned a profit of Rs. 2.10 crores in 1991-92. The cumulative loss of the company as on 31st March, 1993, stood at Rs. 230.22 crores. To bring CCI out of the crisis the Ministry approved capital restructuring of the company in August, 1991 which inter-alia envisaged conversion of plan loans of Rs. 41.75 crores into equity, moratorium on repayment of loans, interest holiday for one year etc. The Company on its part agreed that it would pay the dues from 1990-91 onwards and improve capacity utilisation. Contrary to what was agreed upon, the Committee observe that CCI could not fulfil the conditions for availing the restructuring.

The Committee have been informed that CCI subsequently submitted second restructuring proposal in December, 1992, in order to be able to perform better. In turn, the Ministry asked the Company to prepare a comprehensive proposal indicating performance analysis of individual units, relief sought from Govt. and expected targets to be achieved etc. The Committee are distressed to find that CCI has not yet submitted the comprehensive unit-wise proposal sought by the Ministry. Thus, no final

decision has been taken and implemented firmly by either CCI or the Government as far as capital restructuring is concerned. The Committee, therefore, recommend that a final decision regarding the capital restructuring of CCI should be arrived at within three months of presentation of this Report after careful and judicious analysis of all the factors.

Reply of the Government

CCI have submitted proposal for financial and physical restructuring, which is being considered by the Govt. in consultation with the Departments concerned. The restructuring proposal includes disposal of unviable units of CCI. After a decision is taken by the Govt. on this proposal, further steps will be initiated for formulation of specific proposals regarding the disposal of individual units and for financial restructuring.

Comments of Audit

CCI's proposal for financial and physical restructuring is pending with Govt. for approval.

Further reply of the Government

CCI's proposal for restructuring has already been examined by this Deptt. in consultation with other concerned Deptts. Steps have been taken to seek the approval of the competent authority with a view to expediting the Govt. decision on the restructuring.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-PE.XII dated 10.2.1995].

Comments of the Committee

(Please see Para 7 of Chapter 7 of the Report).

Recommendation (Serial No. 9)

The Committee find that in order to improve their performance and get rid of the loss making units which had remote or no possibility of becoming viable due to high break even point, old technology and high cost of operation, CCI had recommended for the disposal of three units viz. Charkhi Dadri, Kurkunta and Nayagaon. The Committee were given to understand that the idea behind disposing of the units is to get rid of the losses associated with these units and to improve the performance of other units as the budgetary support is not forthcoming from the Government.

The Committee regret to note that although the proposal for disposal of two units of Kurkunta and Charkhi Dadri was sent to the Ministry in June 1992 and for Nayagaon Complex in September, 1993, the Government have failed to arrive at any conclusion and have further asked for unit-wise information from CCI. The Committee recommend that Government should constitute a Committee of experts including financial experts which should go into details and weigh all the pros and cons of disposal of these units and submit its report within three months. After the report of this Committee a final decision regarding the fate of these units should be taken by Government and the Committee apprised of the same.

Reply of the Government

As already indicated in reply to Recommendation No. 8, the proposal of CCI for physical and financial restructuring of the Company is already under consideration of the Government. The restructuring proposal includes disposal of unviable units of CCI. After a decision is taken by the Government, on this proposal, further steps will be initiated for formulation of specific proposals relating to disposal of individual units.

Comments of Audit

Ministry's reply is an interim one Hence, no comments.

Further reply of the Government

CCI's proposal for restructuring has already been examined by this Deptt. in consultation with the other concerned Deptts. Steps have been taken to seek approval of the competent authority with a view to expediting Government decision on the restructuring.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-PE.XII dated 10.2.1995].

Recommendation (Serial No. 13)

The Committee note that Damodhar Cement & Slag Limited (DCSL) located in Purulia District of West Bengal because a subsidiary of Cement Corporation of India w.e.f. 24.5.1983. In January, 1992, the equity holding of CCI in DCSL was revised from 51% to 90% with the remaining 10% being held by West Bengal Industrial Development Corporation. The Committee have been informed that even after acquiring 90% shares of DCSL, the CCI has no majority in the Board of Directors of DCSL which could be workable and practicable for the purpose of controlling its interest and thereby improving the performance of DCSL. The Committee, therefore, urge that immediate action should be taken to transfer the remaining 10% equity to enable it to have better control over the functioning of DCSL and to improve the performance of the subsidiary.

The Committee have been informed that the Managing Director of DCSL has been placed under suspension for serious acts of misconduct involving his integrity. He is alleged to have shown undue favour to certain private parties in awarding contract of C&F/Handling Agency in violation of prescribed procedures by granting extension thereby causing undue financial gain to them, getting the work of transportation of cement of higher rate, furnishing false and misleading information to DCSL Board and defying various resolutions/directions passed by the Board of Directors of DCSL. The Committee feel that these are charges of serious nature and, therefore, they recommend that the disciplinary proceedings against the Managing Director of DCSL should be completed expeditiously and suitable action taken against him under intimation to the Committee.

Damodhar Cement & Slag Limited (DCSL) is situated in a deficient area in the State of West Bengal where there is no other public sector cement plant. The Committee, therefore, recommend that Government of India should take up with the State Government of West Bengal the question of giving purchase preference to Damodhar Cement & Slag Limited in some of the Districts around the Plant.

Reply of the Government

CCI is presently having 90% holding in DCSL, which is more than enough to enable the Holding Company to have effective control over the subsidiary. Presently, the Board of Directors of DCSL consist of 6 members, namely, three Directors from CCI and one each from IDBI, IFCI & WBIDC. Due to liquidity problems being presently faced by the Holding Company (CCI), it has not been possible for them to make payment to WBIDC towards purchase of 39% shares. Therefore, transfer of remaining 10% equity to CCI at this stage would not be feasible. Moreover, DCSL has since been referred to BIFR and its revival is being considered by the Board.

As regards disciplinary proceedings against Shri Joseph Polycarp, the Managing Director, DCSL (presently under suspension w.e.f. 10.6.1993), necessary inquiry against the Charged Officer have already been initiated and Preliminary Hearings in this case were held on 6.10.1994 and 28.10.1994 by the Inquiry Officer. The Committee will be apprised of the outcome of the disciplinary proceedings in due course of time.

As far as purchase preference to DCSL is concerned, the Company is presently under reference to BIFR and as directed by the Board, the Company have already prepared a rehabilitation package, which is being considered by Operating Agency. The revival package does not envisage any assistance from the Government of India. However, Government will considered necessary possible assistance to the company, whenever required.

Comments of Audit

(i) As regards transfer of balance 10% of equity to CCI, decision would be taken after clearance from BIFR for rehabilitation package.

(ii) The departmental disciplinary proceedings against the then Managing Director of DCSL is in progress.

(iii) According to the Management "Request to the State Government has been made for issue of purchase and price preferences from DCSL. The State Government has not yet issued any directive in this regard.

[Ministry of Industry, (Deptt. of Heavy Industry) OM No. 10/67/92-
PE. XII dated 10.2.1995]

APPENDIX I

MINUTES OF THE 24TH SITTING OF COMMITTEE ON PUBLIC UNDERTAKINGS HELD ON 22ND MARCH, 1995

The Committee sat from 15.00 hrs. to 16.00 hrs.

PRESENT

1. Shri Pravat Kumar Samantaray — *In Chair*
2. Shri Ramesh Chennithala
3. Prof. (Smt.) Savithri Lakshmanan
4. Shri B.M. Mujahid
5. Shri Virendra Singh
6. Shri Jagesh Desai
7. Shri Deepankar Mukherjee
8. Shri Suresh Pachouri

SECRETARIAT

1. Smt. P.K. Sandhu — *Director*
2. Shri P.K. Grover — *Under Secretary*

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

1. Shri Ramesh Chandra — *Chairman, Audit Board*
2. Shri R.N. Ghosh — *Director (Commercial)*

REPRESENTATIVES OF MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS & PETRO-CHEMICALS)

- 1.* Shri Vinay Kohli — *Joint Secretary (Chemicals)*

In the absence of Chairman, the Committee chose Shri Pravat Kumar Samantaray to act as Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

1. *Consideration and Adoption of Draft Action Taken Report on Cement Corporation of India Limited*
2. The Committee considered the draft report on Action Taken by Government on the recommendations contained in Thirty-Fourth

* Appeared before the Committee of the Draft Action Taken Report.

Report of the Committee on Public Undertakings (1993-94) on 'Cement Corporation of India Limited' adopted the same with the following modifications:—

On Page 6, Para 10, *add at the end* "and the Committee apprised of the action taken on both these Reports within one month of presentation of this Report."

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

II. *Evidence of the representatives of Ministry of Chemicals & Fertilizers (Department of Chemicals and Petro-Chemicals) in connection with the examination of Hindustan Organic Chemicals Ltd.*

* * * * *

The Committee then adjourned.

APPENDIX II

Analysis of the Action Taken by Government on the recommendations contained in 34th Report of the Committee on Public Undertakings (Tenth Lok Sabha) on Cement Corporation of India Limited

I. Total number of recommendations	13
II. Recommendations that have been accepted by the Government (Vide recommendations at Sl. Nos. 1, 3, 4, 6, 7, 11 and 12)	7
Percentage to Total	53.85
III. Recommendations which the Committee do not desire to pursue in view of Government's replies (Vide recommendation at Sl. No. NIL)	NIL
Percentage of total	NIL
IV. Recommendations in respect of which reply of Government has not been accepted by the Committee (Vide recommendation at Sl. No. 10)	1
Percentage to total	7.70
V. Recommendations in respect of which final replies of the Government are still awaited (Vide recommendations at Sl. Nos. 2, 5, 8, 9 and 13)	5
Percentage to total	38.45