

Offloading of Items in Heavy Engineering Corporation Ltd., Ranchi to Outside Agencies

*768. SHRI KARTIK ORAON: Will the Minister of STEEL AND HEAVY ENGINEERING be pleased to state:

(a) whether it is a fact that in spite of the fact that the Heavy Engineering Corporation Ltd., Ranchi has huge production capacity and manpower, quite a number of items are offloaded to outside agencies;

(b) if so, the criteria for offloading of items which can be manufactured in H.E.C. shops;

(c) whether there is difference in cost of production in the Heavy Engineering Corporation Ltd. and outside firms; and

(d) the reasons for higher cost of production of items manufactured in the Heavy Engineering Corporation Ltd.?

THE MINISTER OF STEEL AND HEAVY ENGINEERING (SHRI C. M. POONACHA): (a) Certain items, mainly structural in nature, are offloaded by the Heavy Machine Building Plant of Heavy Engineering Corporation to outside agencies.

(b) The reasons for off-loading generally are—

(i) the capacity actually built-up (which is distinct from the rated capacity of the plant) is booked to the extent that production of the item in question is not possible within the scheduled time allowed by the customer; and

(ii) the cost of production of such items direct by the HEC plant would be higher than their production by an outside agency.

(c) Such difference does exist in certain cases.

(d) The HEC plants are intended to manufacture heavy and sophisticated items of engineering goods. Their equipment and their entire organisation are intended for this objective. To utilise such sophisticated equipment for comparatively simple and small items of production would involve the cost of these items being loaded unnecessarily with higher depreciation and interest charges. Similarly, the cost of organisation, which is reflected in the overheads, is also high and cannot appropriately be borne by small and simple types of products.

Loss incurred by Hindustan Steel Ltd.

*769. SHRI S. S. KOTHARI: Will the Minister of STEEL AND HEAVY ENGINEERING be pleased to state:

(a) whether it is a fact that the Hindustan Steel Ltd. has incurred considerable loss during the year 1968-69;

(b) if so, the quantum of loss during the last three years;

(c) the steps being taken to improve the working of the constituent plants; and

(d) the estimate of loss or profit during the year 1969-70?

THE MINISTER OF STEEL AND HEAVY ENGINEERING (SHRI C. M. POONACHA): (a) Yes, Sir.

(b) Including prior period adjustments, Hindustan Steel Limited sustained a loss of Rs. 229.39 million in 1966-67 and of Rs. 401.19 million in 1967-68. The annual accounts for the year 1968-69 have been audited only recently, and have yet to be finally approved by the Board of Directors of the Company.

(c) The various measures taken to improve the working and profitability of the Steel Plants under Hindustan Steel Ltd. were indicated in the Pamphlet entitled "Performance of Hin-