

(c) the steps taken by Government to avoid such recurring losses ?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI SHAHNAWAZ KHAN) : (a) and (b). The total loss incurred by Mining and Allied Machinery Corporation Ltd., from 1967-68 to 1970-71 is Rs. 25.87 crores. This has been analysed as under :

(i) Operating loss	Rs. 8.37 crores
(ii) Interest on Government loans	Rs. 8.24 „
(iii) Depreciation	Rs. 6.10 „
(iv) Expenditure during construction not capitalised, written off as deferred revenue expenses	Rs. 3.16 „
	<u>Rs. 25.87 „</u>

(c) The main reason for the losses has been lack of adequate orders for the type of coal mining equipment for which the plant was set up. Other contributory factors are (i) technological problems of diversification ; (ii) lack of orders of repetitive nature for batch production ; (iii) low productivity in the plant ; (iv) industrial unrest ; (v) imbalance in loading of various shops and sections ; (vi) heavy overheads, including depreciation and interest charges and (vii) organisational deficiencies. A number of steps have been taken for increasing production ; some of the important ones are (i) re-organisation of personnel at Senior Management level ; (ii) diversification of production ; (iii) strengthening of production planning and control ; (iv) introduction of incentives for workers and (v) improvement of industrial relations with a view to reducing the excessive burden of interest on loans, and having regard to the history of the undertaking, it has also been decided to reorganise the capital structure of the company.

Loss Incurred at Heavy Engineering Corporation, Ranchi

2602. **SHRI M. S. SIVASAMY :** Will the Minister of STEEL AND MINES be pleased to state :

(a) whether Government have made any enquiry into the cumulative loss of Rs. 74.40 crores incurred by the Heavy Engineering Corporation, Ranchi since 1958 ;

(b) if so, the sectors in which these losses have occurred ; and

(c) the steps taken by Government to arrest the recurring losses of the said Corporation ?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI SHAHNAWAZ KHAN) : (a) and (b). The cumulative loss incurred upto the 31st March, 1970 is Rs. 58.90 crores. The accounts for 1970-71 are yet to be finalised. The total loss upto 31st March, 1971 is provisionally estimated at Rs. 75.99 crores.

The losses have occurred as under :

	Rs. crores
Foundry Forge Plant	40.23
Heavy Machines Building Plant	28.04
Heavy Machine Tools Plant	6.82
	<u>75.09</u>

(c) In the initial years of production, losses in projects of this size and type are inevitable due to heavy investments and long gestation period. To a certain extent, the losses incurred by Heavy Engineering Corporation can also be attributed to slow build up of production due to a combination of factors, including unsatisfactory industrial relations. The heavy burden of interest, depreciation and overheads has also contributed to these losses.

A number of steps have been and are being taken over a wide front to improve planning and production control, instal objective-oriented programmes, improve the efficiency of management and the productivity of workers. As a result of these measures, the performance of H. E. C. has already shown some improvement.

Hindustan Steelworks Construction Limited

2603 **SHRI M. S. SIVASAMY :** Will the Minister of STEEL AND MINES be pleased to state :

(a) the reasons for the fall in net profits of Hindustan Steelworks Construction Limited during 1969-70 compared to 1965-66 ; and

(b) the steps taken by the Company to go into the question of declining profits ?