E. C. No. 131

ESTIMATES COMMITTEE
1958-59

FIFTY-SIXTH REPORT

(SECOND LOK SABHA)

MINISTRY OF DEFENCE

Action taken by Government on the Recommendations contained in the Sixty-Eighth Report of the Estimates Committee (First Lok Sabha) on the Ministry of Defence—Ordnance Factories (Stores, Plant & Machinery and Production)

LOK SABHA SECRETARIAT
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CORRIGENDA

Fifty-Sixth Report of the Estimates Committee (Second Lok Sabha)

Page 21, S.No.12, Col.3, line 1: <u>for</u> 'Committees' <u>read</u> 'Committee'

Page 27, S.No.16, Col.4, line 13: <u>for</u> 'dorp' <u>read</u> 'drop'

Page 33, Col.4, line 1: <u>For</u> 'ncluded' <u>read</u> 'included'

Page 38, Col.4, line 8: <u>For</u> 't4rials' <u>read</u> 'trials'

Page 51, S.No.59, Col.3, line 1: <u>Delete</u> the word 'Estimates'

Page 56, S.No.8, Col.3, line 9: <u>Insert</u> the word 'had' in the beginning

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INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee, present this Fifty-sixth Report of the Estimates Committee of the Second Lok Sabha on the action taken by Government on the recommendations contained in the Sixty-eighth Report of the Estimates Committee of the First Lok Sabha on the Ministry of Defence—Ordnance Factories (Stores, Plant & Machinery and Production).

2. The Sixty-eighth Report of the Estimates Committee was laid on the Table of the Lok Sabha on the 20th May, 1957. The Government furnished their replies to the recommendations in this Report between August, 1957 and February, 1959. The Sub-Committee 'Defence' of the Estimates Committee 1957-58 examined the replies received upto January, 1958 on the 15th April, 1958. Further particulars required by the Sub-Committee on certain points were received on the 1st October, 1958 and 12th February, 1959. The Study Group 'B' of the Estimates Committee, 1958-59 then examined the replies on the 9th April, 1959.

3. The Report has been divided into five Chapters :

I. Report.

II. Recommendations that have been accepted by Government.

III. Replies of the Government that have been accepted by the Committee.

IV. Replies of the Government that have not been accepted by the Committee.

V. Recommendations in respect of which replies of the Government have not been received.

4. An analysis of the action taken by Government on the recommendations contained in the Sixty-eighth Report is given at Appendix IX.

NEW DELHI ;
The 25th April, 1959.
Vaisakha 5, 1881 (S).

Chairman,
Estimates Committee.

CHAPTER I

Report

In para 68 of their 68th Report, the Committee had suggested that a committee of experts drawn from the public as well as the private sectors be appointed to examine the extent of idle capacity in the Ordnance Factories with a view to suggesting its utilisation as also to offer suggestions regarding (i) the utilization in an emergency of machinery existing in private sector and the rest of public sector similar to that existing in Ordnance Factories, and (*ii*) the feasibility as well as the economics of installing in future Multi-purpose machinery which, during lean periods of service production, could be switched over to other types of production. Government in reply stated in August, 1957 that since one of the important terms of reference of the Ordnance Factories Reorganisation Committee was to suggest ways and means of utilizing idle capacity in the Ordnance Factories for civil trade work, and since its recommendations had been implemented as far as possible, the appointment of another committee, so soon thereafter, was not necessary, particularly in view of the increase in the civil trade activities of the Ordnance Factories. Government, however, promised that the suggestions of the Committee would be put up for consideration by the Defence Production Committee. The Committee have not yet been informed of the decision taken by the Defence Production Committee. *Considering, however, the fact that more than four years have elapsed since the Ordnance Factories Reorganisation Committee submitted their Report and also the significant progress in the industrialisation of the country that has taken place during this period, the Committee feel that the appointment of a Committee with the terms of reference suggested above, would be desirable. The Committee, therefore, reiterate their earlier recommendation and hope that an early action would be taken in the matter.*

CHAPTER II

Recommendations that have been accepted by Government

S. No.	Reference to Para No. in the Report	Recommendations made by the Committee	Reply of Government
1	2	3	4
2	5	The Committee are glad to note that the system of conveying requirements of recurring items by the Services on a three year programme basis has at last been introduced. At the same time they hope that the Services will be enabled to forecast their requirements on a realistic basis for the period now prescribed.	The importance of the realistic provision has been impressed upon the Services. In this connection, comments on Serial No. 5 refer. [*Ministry of Defence O.M. No.* 21/3/57/D(*Prod*), *dated* 13-8-57].
5	12	The Committee would suggest that the importance of sound provisioning should be impressed on all concerned, including the Services, the Director General of Ordnance Factories and Superintendents of Ordnance Factories.	The observations of the Committee in paras 10, 11 and 12 of the Report have been brought to the notice of all concerned, including the Services, the D.G.O.F. and the Superintendents of Ordnance Factories; the importance of sound provisioning has also been impressed on all of them. [*Ministry of Defence O.M. No.* 21/3/57/D(*Prod.*), *dated* 13-8-57].

15	34	The Committee feel that the exhibition of such a heavy amount pertaining to the value of stores in transit under suspense head in the annual accounts of the Ordnance Factories, without adequate explanation, is not proper. Since the annual accounts of the Ordnance Factories take time before finalisation, after the close of the year, they consider that it may perhaps be possible to link all or a majority of the stores in transit, in the store accounts of the consignee factories before the finalisation of the annual accounts.	It is appreciated that it is not proper to exhibit heavy amounts pertaining to value of stores in transit under suspense head in the annual accounts of the Ordnance Factories without adequate explanation. Vigorous efforts have, therefore, been made to clear old arrears. For example, out of Rs. 1,16,46,044 shown as the value of stores in transit on 1-4-56, only stores worth Rs. 14 lakhs still remain to be linked, the rest having been linked subsequently.
		The Committee, therefore, suggest that the latest position regarding the linking of these stores in transit may also be reflected in the annual accounts, by means of a foot-note.	The recommendation of the Committee that the value of stores which have been linked subsequently should be indicated in a foot-note in the annual Accounts of the Ordnance Factories has been introduced. [*Ministry of Defence O.M. No. 21/3/57/D(Prod) dated* 1-7-1958].
18	45	The Committee recommend that the disposal action in the Factories should be speeded up so as to avoid losses in the light of the remarks of the Stock Holdings Committee.	All possible efforts are being made to speed up the disposal of the really surplus stores. The recommendation of the Stock-holding Committee reviewed at para 43 of the Estimates Committee Report, has already been implemented. [*Ministry of Defence O.M. No. 21/3/57/D(Prod) dated* 13-8-57].

1	2	3	4
19	46	The Committee hope that action to declare the remaining surpluses would be taken at an early date.	All possible efforts are being made to speed up the disposal of the really surplus stores. The recommendation of the Stock-holding Committee, mentioned at para 43 of the Estimates Committee Report, has already been implemented. [*Ministry of Defence O.M. No.* 21/3/57/(*Prod*), *dated* 13-8-57].
24	55	The Committee understand that in the past generally 6 to 18 months elapsed after a proposal for new plant or machinery was made by the Superintendent of a Factory and before it was finally approved for purchase. In a typical case the proposal was made in September, 1951 and the machinery was actually received in June, 1956. The Committee consider such delays reprehensible and recommend that the need to be prompt and business-like in such matters should be impressed on all concerned.	Noted. [*Ministry of Defence O.M. No.* 21/3/57/D(*Prod*), *dated* 13-8-57].
25	56	While hoping that the Committee's recommendation in their 54th Report for a revision of the depreciation rates of machines on a realistic basis, would go far in preventing differences of opinion, the Committee would recommend that there is also a need for greater understanding and co-operation between Finance and the executive authorities.	Noted. As stated subsequently against S. No. 27 we have already come to a mutual understanding with Finance regarding expeditious finalisation of plant and machinery demands falling under certain categories. [*Ministry of Defence O.M. No.* 21/3/57/D(*Prod*), *dated* 13-8-57].

26	57	The Committee regret to learn that records of breakdowns, rejections due to machine faults, cost of repairs etc. were not generally maintained. They feel that such information, quite apart from being required by Finance, is all the more necessary for the executive and administrative authorities themselves to enable them to determine the working efficiency of the particular machines and the need for their replacement. They, therefore recommend that such particulars should be kept in respect of all machines in future.	The Ministry agrees with the observations of the Estimates Committee. Necessary instructions for the maintenance of machine history cards have now been issued by the D.G.O.F. [*Ministry of Defence O.M. No. 21/3/57/D(Prod.), dated* 13-8-57].
28	61	The Committee feel that there should be a systematic plan for the repair, maintenance and overhaul of plant and machinery and that it should be adhered to by the Factories.	This recommendation is being implemented. It will be possible to work out a proper maintenance schedule after implementation of the recommendations made above regarding maintenance of history cards. [*Ministry of Defence O.M. No. 21/3/57/D(Prod.), dated* 13-8-1957].
29	64	The Committee feel that a review of the powers of the Executive and Administrative Heads of an industrial organisation like the Ordnance Factories in the matter of purchase of plant and machinery is called for, as with the present high prices the present power would purchase very little and consequently would offer little scope for the exercise of those powers by the authorities. They recommend that these officers should be delegated powers commensurate with	This recommendation is under active consideration of the Ministry. [*Ministry of Defence O.M. No. 21/3/57/D(Prod.), dated* 13-8-1957].

1	2	3	4
		their status and responsibilities, and that there should also be a periodical reveiw of these powers with reference to their exercise as well as the prevailing market prices. They would, at the same time, stress that the exercise of these powers by the Superintendents should be regulated in such a way as to bring about standardisation of equipment in all the Factories as far as possible.	
		Further information required by the Committee.	The question of delegating administrative and financial powers has been considered by the Defence Production Planning Committee. The recommendations of the Committee are being examined by Government. As regards standardisation of equipment, it is already being enforced to the extent practicable during the central scrutiny at the Headquarters of D.G.O.F.
		The result of consideration of the recommendation.	[*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 25-7-58].
		(Lok Sabha Secretariat O.M. No. 3-ECI/58 dated 8-5-1958.)	Government orders have already been issued—*vide* this Ministry's letters Nos. F.19/US-DPPC/58 dated the 7th August, 1958 and F.19/US-DPPC/58 dated the 13th December, 1958 (copy given as Appendices I & II)—prescribing the revised administrative and financial powers of D.G.O.F./Superintendents of Ordnance Factories.
			[*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, dated 12-2-1959].

30	67	The Committee suggest that suitable steps in consultation with the National Industrial Development Corporation and private manufacturers should be taken to establish the manufacture of Heavy Machinery etc. in the country in collaboration with foreign manufacturers as well as at the Machine Tool Prototype Factory as early as possible.	We are already maintaining a close liaison with the Development Wing of the Ministry of Commerce and Industry and the Planning Commission to ensure that the Defence requirements of heavy machinery are included in their plans. We have already indicated to them the estimated requirements of heavy plant and machinery for Ordnance Factories for the purpose of planning their heavy foundry and forge project. The Machine Tool Prototype Factory, Ambernath has capacity only for production of medium and light machine tools. The manufacturing programme of this factory has already been drawn up on the recommendations of the Machine Tool Committee specifically appointed by the Government to coordinate planning and production of machine tools in the public as well as the private sector. The Machine Tool Prototype Factory has no capacity for manufacture of heavy machinery such as forge and draw presses or heavier types of machine tools for which separate project is being progressed by the Commerce and Industry Ministry, as stated above. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].

1	2	3	4
36	81	The Committee suggest that during the execution of all future projects the irregularities pointed out by the Public Accounts Committee in connection with the Ambernath and Khamaria Projects should be fully borne in mind so as to avoid their recurrence.	The remarks of the Public Accounts Committee in connection with the Ambernath and Khamaria Project will be taken into account when entering into manufacturing projects with the assistance of foreign companies. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].
37	85	It was pointed out to the Committee that proposals for having separate planning and progress office, attached to each factory as well as at D.G.O.F.'s headquarters were under consideration. The Committee recommend that these proposals should be examined and necessary action taken expeditiously.	Government orders have already been issued sanctioning additional planning and progressing staff for four Ordnance Factories. The question of sanctioning planning and progressing staff in other Ordnance Factories as also in DGOF's Headquarters is under consideration. [*Ministry of Defence O.M. No.* 21/3/57/D(*Prod.*), *dated* 13-8-57].
39	90	The Committee have already recommended in para 42 of their Fifty-sixth Report on Army Stores that the indentors should be made responsible for obtaining the necessary particulars and for supplying them to the Ordnance Factories. They hope that this change will be given effect to at an early date and at the same time a procedure devised to pinpoint the responsibility of the various authorities including the technical directorate, for the delays, if any, in this matter.	Under the existing practice, paper particulars are attached with the indents for Ordnance stores placed on the DGOF. It is only in very few cases where paper particulars are not readily available with the Technical authorities that the indents are sent without the paper particulars with an endorsement that these would be forwarded within 60 days of the release of the indent. In case, the paper particulars are not sent within 60 days, the indent would be treated as cancelled by the

			D.G.O.F. who would report this fact to the indentor. It would appear that the existing practice, in so far as the Ordnance stores are concerned is in conformity with the recommendation of Estimates Committee. We are however, again instructing all Defence indentors that paper particulars should be attached with the indents placed on the DGOF/DGS&D. [*Ministry of Defence O.M. No.* 21/3/57/D(*Prod.*), *dated* 10-1-1958].
40	91	The Committee understand that manufacture of some items was held up on account of suspension orders placed by the indentor. They feel that such cases should arise only in exceptional circumstances and that they should be investigated by higher authorities to examine in particular whether the original order was justified and also the reason for the suspension.	Suspension of manufacture of items has to be ordered in certain cases when the requirements of the particular items have to be reviewed on account of any of the following reasons :— (*i*) *Ad hoc* changes in scales; (*ii*) Changes in equipment policy; (*iii*) Revelation of surpluses at the time of annual/*ad hoc* reviews. Instructions have, however, been already issued that review in such cases should be carried out expeditiously and that no indent on the DGOF will be held on the suspension list for more than 6 months. After the expiry of that period, the indents are to be treated as automatically cancelled unless instructions to the contrary are received by the DGOF within the above period. As suspensions put production programme out of gear, instructions have been issued that suspen-

1	2	3	4
			sion of orders should only be given effect to, after concurrence of the C.G.D.P. [*Ministry of Defence O.M. No.* 21/3/57/*D*(*Prod.*), *dated* 10-1-1958].
43	94	The Committee were glad to learn that it has recently been decided by the Defence Production Board to relieve the Ordnance Factories of jobbing orders and that the Master General of Ordnance at Army Headquarters has been asked to set aside one of his Electrical and Mechanical Workshops entirely for the purpose. They hope that this decision will be implemented expeditiously and will go a long way in improving the position in the Ordnance Factories.	The remarks of the Committee have been brought to the notice of the Services for necessary action. [*Ministry of Defence O.M. No.* 21/3/57/*D*(*Prod*), *dated* 13-8-1957].
44	94	The Committee suggest that the aim of gradual replacement of outmoded equipment, within the limitations of available resources, should constantly be kept in view by the Defence Services with a view to achieving the maximum operational efficiency.	The remarks of the Committee have been brought to the notice of the Services for necessary action. [*Ministry of Defence O.M. No.* 21/3/57/*D*(*Prod.*), *dated* 13-8-1957].
47	97	The Committee suggest that the percentage of unavoidable rejections should be specifically laid down by the technical authorities as far as possible and that they should be periodically reviewed.	The procedure suggested by the Estimates Committee is already in vogue. Percentage rejections are included in the estimates for a job and these estimates are to be periodically reviewed in relation to the actual yield.

			[*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].
49	99	The Committee suggest that for the success of the Statistical Quality Control Section there should be full co-operation between the Statistical Quality Control Section and costing sections.	DGOF has been asked to issue instructions to the Ordnance Factories etc. to ensure that there is complete harmony between the S.Q.C. and the Costing Sections. [*Ministry of Defence O. M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].
51	102	It was explained to the Committee that a survey of the main items of imported ammunition for the three Services, had been carried out to see which of these items could in the near future, be manufactured in Ordnance Factories and that a plan had been drawn up for the increased production of those items in the Ordnance Factories. The Committee feel that these measures were overdue and recommend that every effort should be made to implement the plan without any further delay. They further recommend that similar plans for other types of Defence stores still imported should be drawn up expeditiously and implemented.	This question is being continuously examined by the Defence Production Board, the Defence Production and Supply Committee and its various Sub-Committees. In fact, the Defence Production Planning Committee has been specifically set up to draw up a phased plan for achieving self-sufficiency in the production of all defence stores/equipment. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].
		Further information required by the Committee. Final action taken in the matter. (Lok Sabha Secretariat O.M. No. 3-EC.I/58 dated 8-5-1958)	The Defence Production Planning Committee which considered the question of producing in Ordnance Factories ammunition items which are now being imported, has recommended that the necessity for the indigenous production of certain armaments and ammunition items should be accepted in

1	2	3	4
			principle by the Government. The Government has already accepted this recommendation. Action is in hand for the preparation of the detailed proposals in this regard. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 1-10-1958].
52	103	The Committee welcome the efforts made in connection with the manufacture of Mechanical Transport vehicles, etc. and hope that more vigorous steps would be taken to achieve self-sufficiency as far as possible.	The suggestion made by the Estimates Committee has been noted and all possible action is being taken to set up a plant for the manufacture of tanks in India which will be capable of meeting our full requirements. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].
56	110	The Committee suggest that a watch should be kept over the extent of civil trade work brought in by the officers in charge of civil trade so as to ensure that they do not become mere appendages of doubtful utility.	The suggestion of the Committee has been noted. [*Ministry of Defence O. M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].
60	115	The Committee were informed that the question of bringing about uniformity in the matter of inspection of all items of manufacture was being examined by the authorities. They hope that this might make for economy without leading to any lowering in inspection standards.	The remarks of the Committee are noted. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].

61	117	The Committee understand that to the extent possible rationalisation is being introduced in the Ordnance Factories. They hope that efforts will continue to be made to achieve further progress in this respect.	The remarks of the Committee have been noted. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].
62	118	The Committee feel that the pace of development of service weapons is not very heartening since this Factory (MTPF) was primarily established for that purpose. They recommend that the feasibility of expanding the activities in the Machine Tool Prototype Factory consistent with the requirements of the Services should be examined and that for this purpose the full co-operation of the factory Staff and the Technical Development Establishment should be ensured by suitable means.	The Ministry is aware of the inadequacy of the design and development effort relating to defence stores. While admitting that the overall design and development effort has been inadequate in relation to the requirement of self-sufficiency the limited design staff available at Machine Tool Prototype Factory have some good work to their credit. Action has already been taken to maintain a close liaison with the MPF design team. TDEs and the Defence Science Organisation and the Defence Production Board has set up a Research and Development Committee for this purpose. The matter of further speeding up of design effort by training suitable personnel and putting all such organisations under one central controlling authority is also receiving the attention of the Ministry. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.)*, *dated* 13-8-1957].

CHAPTER III

Replies of the Government that have been accepted by the Committee

S.No.	Reference to para No. in Report	Recommendations made by the Committee	Reply of Government
1	2	3	4
3	8	The Committee suggest that the question of the Director General of Ordnance Factories and Superintendents of Ordnance Factories being permitted to initiate action in the matter of provisioning of stores sufficiently early on the basis of the preliminary forecasts to the extent of 50% of the demands indicated therein and, if possible, even more in case of repetitive items, should be examined. *Further information required by the Committee*	The general question of advance provisioning by D.G.O.F. and advance intimation of demands by the Services will be considered by the Defence Production Planning Committee appointed by the Defence Minister. The recommendations made by the Estimates Committee in this regard will be given due consideration. [*Ministry of Defence O.M. No.* 21/3/57/D (*Prod.*) 13-8-1957]
		The result of the consideration of the recommendations. (Lok Sabha Secretariat O. M. No. 3-E.C.1/58 dated 8-5-1958)	As already stated, the general question of advance provisioning by D.G.O.F. and advance intimation of demand by the Services was considered by the Defence Production Planning Committee.

			The recommendations of the Committee are under the examination of the Government and a final decision is expected shortly. [*Ministry of Defence O.M. No. 21/3/57/2695/D (Prod.) dated 4-6-1958*] Government have already issued orders enjoining the Services to place firm demands on the D.G.O.F. for recurring items on a three yearly basis. The question relating to the procedure to be adopted by the D. G. O. F. for the provisioning of materials in the light of these orders is still under examination of the Government. [*Ministry of Defence O.M. No.21/3/57/D(Prod.) dated 12-2-1959*]
4	9	The Committee suggest that the question of provisioning required to be done at present by Ordnance Factories on a six monthly basis on receipt of firm demands being altered so as to cover the entire demand for the year of utilisation, after taking into account the action taken on preliminary forecasts, should be examined. *Further information required by the Committee* The results of the consideration of the recommendation. (Lok Sabha Secretariat O.M. No. 3-E.C.I/58 dated 8-5-1958)	The general question of advance provisioning by the D.G.O.F. and advance intimation of demands by the Services will be considered by the Defence Production Planning Committee appointed by the Defence Minister. The recommendations made by the Estimates Committee in this regard will be given due consideration. [*Ministry of Defence O.M. No. 21/3/57/D(Prod.) dated 13-8-1957*] As already stated, the general question of advance provisioning by D.G.O.F. and advance intimation of demands by the Services was considered by the Defence Production Planning Committee. The

1	2	3	4
			recommendations of the Committee are under examination of the Government and a final decision is expected shortly.
			[*Ministry of Defence O.M. No.21/3/57/2695/D(Prod.) dated 4-6-1958*]
			Government have already issued orders enjoining the Services to place firm demands on the D.G.O.F. for recurring items on a three yearly basis. The question relating to the procedure to be adopted by the D. G. O.F. for the provisioning of materials in the light of these orders is still under examination of the Government.
			[*Ministry of Defence O.M. No. 21/3/57/D(Prod.) dated 12-2-1959*]
6	13	The Committee feel that the Government should examine the feasibility of laying down a specific procedure for provisioning of Stores in emergencies with such relaxations as are considered necessary in order to obviate any hasty action in this respect.	The question of meeting the expanded requirement of the Services from indigenous production during an emergency including location of materials to alternative specifications is under constant review. The recommendation of the Estimates Committee made in this regard will be considered by the Defence Production Planning Committee appointed by the Defence Minister.
			[*Ministry of Defence O.M. No. 21/3/57D/(Prod.) dated 13-8-1957*]

		Further information required by the Committee	Government have already issued orders enjoining the Services to place firm demands on the D.G.O.F. for recurring items on a three yearly basis. The question relating to the procedure to be adopted by the D. G. O.F. for the provisioning of materials in the light of these orders is still under examination of the Government.
		The results of the consideration of the recommendation.	
		(Lok Sabha Secretariat O.M.No. 3-EC-I/58 dated 8-5-1958)	[*Ministry of Defence O.M. No. 21/3/57 D (Prod.) dated 12-2-1959*]
7	14	The Committee feel that the business value of quick execution in all cases, especially civil trade items, should be appreciated and that the Superintendents etc. should be given well defined powers for making certain safe provision of stores in anticipation of orders. Further to meet the changing needs, they suggest that these powers should also be periodically reviewed so as to keep them at proper levels according to the volume of work done and difficulties encountered, if any.	Ministry of Defence do not consider it feasible or advisable to give any general powers to the DGOF or Supdts. of Factories for making advance provisioning for materials against anticipated civil trade orders. They have, however, called from the DGOF his recommendations as to the items of civil trade for which advance provisioning for materials is necessary and to what extent. He has been asked to select those items of civil trade which may satisfy the following criteria:— (*i*) there are reasonable grounds to assume that the anticipated orders would be forthcoming; (*ii*) materials to be provisioned against the anticipated orders are such that there are reasonable chances of their utilisation against other orders if perchance the anticipated order does not materialise;

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			(*iii*) the materials to be provisioned for are either difficult to procure/ process or take a long time to procure/process; and (*iv*) the capacity earmarked for the trade items in question does not conflict with known anticipated requirements for service stores. On receipt of DGOF's proposals, they will be examined by Government and a decision taken based on how far the above criteria are satisfied.
		Further information required by the Committee.	[*Ministry of Defence O.M. No. 21/3/57/D(Prod.) dated 13-8-57*]
		Further action taken in the matter. (Lok Sabha Sectt. O.M. No. 3-EC.I/58 dated 8-5-58)	The matter has been further examined. The D.G.O.F. has been referring to this Ministry through his associate Finance, individual cases where advance provisioning is considered necessary by him. The criteria enumerated in our comments under reference are applied before advance provisioning is approved. [*Ministry of Defence O.M. No. 21/3/57/2695/D(Prod.) dated 4-6-58*]
10	21	The Committee feel that in view of the very large stocks of materials/components held in the Ordnance Factories, which are surplus to current	Although centralised storage has certain obvious advantages, there are also many disadvantages, which, in the balance, outweigh the advantages.

production and are held only as war reserve stocks, the feasibility should be examined of centralising at some places the custody of those stores which are required by most factories and are in excess of their annual requirements as well as of stock-pile items. They feel that under this arrangement considerable factory stocks might be transferred to central stocks and storage accommodation therefor could, perhaps, be found from out of the existing storage accommodation in the Ordnance Factories.

Some of the major disadvantages are indicated below :—

(*a*) At the selected place of central storage, a large number of new storage buildings would have to be constructed, since adequate accommodation is not available at any Ordnance Factory after meeting its own storage requirements for materials for current utilisation. This would involve considerable capital expenditure, which cannot be countenanced in the present state of financial stringency;

(*b*) In an emergency, the Ordnance Factories will have to step up production rapidly and without avoidable delay. As the emergency requirements would be considerable, the normal stock held by the factories would be insufficient for achieving increased production and the loss of time in the transit of war reserve stock from the Central stores to the various Ordnance Factories would be detrimental to the rapid expansion of output. Moreover, in an emergency the transport situation would be acute and large-scale movement of materials from a central place would aggravate the situation ;

(*c*) It is not normally practicable, even in the case of non-perishable stores, to segregate war reserve stocks and to hold them for indefinite periods. The normal practice is to turn over the stocks to avoid the possibility of deterioration

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			due to long storage. Such turnover in the case of centralised storage can only be practicable at considerable expense, since it would involve frequent double handling of materials as well as entail infructuous expenditure on the transport of materials ; and (*d*) All materials of non-perishable nature are periodically examined by the Factories and, for this purpose, necessary testing facilities have been provided at the various factories. The central storage of materials would entail duplication of these testing facilities. A central storage would involve, even during peace time, more delays, more paper-work and more cost than at present. In view of the above considerations, it is not possible to centralise the war-reserve stocks of all the Ordnance Factories in one place. [*Ministry of Defence O.M. No.* 21/3/57/*D*(*Prod.*) *dated* 13-8-57]
11	24	The Committee suggest that the feasibility of granting relaxation from annual verification in respect of Ordnance Factory stores, where possible, may be considered. At the same time, they would stress that scrap items should not be allowed to	The question of granting relaxation from annual stock verification in respect of certain items of Ordnance Factory stores is being progressed and a procedure for speedy disposal of scraps in Ordnance factories to avoid their large accumulation is being evolved.

		accumulate for long periods, and their disposal should be effected as quickly as possible.	As, however, the stores, held by different Ordnance Factories embrace a large variety of items, some time would be required to finalise the precise items which may be exempted from annual stock verification. [*Ministry of Defence O.M. No* 21/3/57/*D* (*Prod.*) *dated* 28/29-1-58].
12	25	The Committee~~s~~ are not happy that surpluses and deficiencies should be noticed in Ordnance Factories during stock verification and feel that they reveal lack of sufficient attention to stores accounting, including receipt, issue and storage. They, therefore, recommend that effective steps should be taken to improve the position in these respects.	While, *prima facie*, the value of surplus and deficient materials found at annual stock verification may appear to reveal an unsatisfactory position, the following considerations weigh against this conclusion :— (*a*) Inthe case of materials where the accounting is done by weight, it is not unusual to expect surpluses/deficiencies being revealed from time to time owing to variations in scales, even though the material position has remained uncharged. (*b*) In the case of Service Stores, a very large variety of materials to different specifications is held and in some cases materials though similar are held on different folios. Although mix-up is avoided as much as possible, when materials are frequently demanded and returned as well as stock-verified some mix-up is inevitable and entails surpluses and deficiencies which have to be accounted for separately. In fact, there have been cases where materials found deficient on stock verification have been subsequently located, but in such cases

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			the surplus cannot be adjusted against the deficiency but separate surplus and deficiency statements have to be prepared. (*c*) The total value of stock-holding of materials in Ordnance Factories during the financial year 1952-53 was 41·6 crores of rupees. The surplus and deficiency each amount to less than 1/2 % of the total stock-holdings. During the financial year 1954-55, while the value of surplus was 0·3% of the total stock-holding, the deficiency was only 0·15% of the total stock-holding. The Ordnance Factories are constantly being enjoined to improve the position regarding Store Accounting and Store keeping. [*Min. of Defence O.M. No.* 21-3-57/*D* (*Prod.*) *dated* 13-8-57].
		Further information required by, the Committee. It may please be clarified what is meant by discrepancies due to variation of scales, why the variations arise and whether such variations are deemed to be normal and unavoidable. (*Lok Sabha Sectt. O.M. No.* 3-*EC.I*/58 *dt.* 8-5-58)	The deficiencies/surpluses in weighment to a small extent on account of variations in scales are an unaviodable feature of stock verification. A machine cannot be expected to be dead accurate at any time. In the case of weighing machines the error is always specified by the makers depending upon its sensitivity and all weighments on these machines have to be accepted within these limitations. It has been observed that a platform weighing machine

			which is generally the type used in Ordnance Factories for weighment purposes will give slightly different weighment for the same lot of materials if the position of materails under weighment is shifted on the platform. The only position where an accurate weighment can be achieved from the weighing scale is the centre of the platform although this too is subject to the limitations referred above. It is not practicable to obtain the positioning of materials under weighment particularly as the weighments may be for varying sizes and shape of materials. The limitations specified for weighment vary more widely as the capacity of a scale increases because of reduced sensitivity of the scale. Further as the weighing accuracy also varies from machine to machine and even in the same machine with the quantity under weighment, it is impossible to avoid discrepancies in weighments on these scales. [*Min. of Defence O.M. No.* 21/3/57/*D*(*Prod.*) *dated* 1-10-58].
13	29	While appreciating the necessity for maintaining stores at adequate levels to meet the requirements of emergencies, the Committee feel that in assessing such requirements, due consideration should be paid to the possibility of service stores becoming obsolete due to rapid advancements in this field, the position of availability of raw-materials, their life, frequency and quantity of their turnover, etc. In this connection, it	The extent to which Ordnance Factories will be authorised to hold material/components for rapid expansion in an emergency is under active consideration. [*Min. of Defence O.M. No.* 21/3/57/*D* (*Prod.*) *dated* 13-8-57].

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		would be pertinent to mention that, quite apart from heavy surpluses in Ordnance Factories, stores of considerable value are also scrapped annually in the Ordnance Factories due to obsolescence and change in process of manufacture, etc.	
		Further, in view of the fact that over 90 % of the stores purchased in the last two years were obtained indigenously, the Committee would suggest that the justification for holding heavy stocks which naturally carry with them risk of losses on account of obsolescence, deterioration, surpluses, etc. in addition to the heavy outlay as well as additional expenditure on their care, custody and maintenance, should also be re-examined. They further suggest that the stocks should be held only within such margins as may be determined from time to time in the light of prevailing circumstances.	
		Further information required by the Committee	The recommendation is still under examination and no final decision has been taken as yet.
		Final action taken in the matter.	
		[*Lok Sabha Sectt. O.M. No.* 3-EC.*I*/58 *dated* 8-5-58].	[*Min of Defence O.M. No.* 21/3/57/*D* (*Prod.*) *dt.* 30-6-58].
			Recently the posts of Director of Mobilisation Planning and Deputy Director of Mobilisation Planning

			have been sanctioned by Government for the Controller General of Defence Production's Organisation. The Officers have now assumed charge. The Officers will primarily be responsible for drawing up a Mobilisation Plan which will *inter alia* deal with questions relating to stockpile to meet emergencies. The drawing up of the stock-pile levels and its implementation will however take time and will be dependent on availability of funds, particularly foreign exhange. [*Min. of Defence O.M. No.* 21/3/57/*D* (*Prod.*) *dt.* 12-2-59].
14	31	The Committee appreciate that stockpiling of essential requirements in anticipation of emergencies is absolutely necessary but would reiterate the need for a careful appraisal of the situation from time to time to guard against excessive stockpiling and consequent losses, and at the same time to provide for delays in receipt of stores and strategic materials especially those imported.	The question of stock-pile of strategic materials by the Ordnance Factories against emergency requirements of the Services is under examination by the Defence Production and Supply Committee. [*Ministry of Defence O.M. No.* 21/3/57/*D* (*Prod.*) *dated* 13-8-57].
		Further information required by the Committee	The recommendation is still under examination and no final decision has been taken as yet.
		Final action taken in the matter. (*Lok Sabha Sectt. O.M. No.* 3—*EC.I*/58 *dated* 8-5-58.)	[*Min. of Defence O.M. No.* 21/3/57/*D* (*Prod.*) *dt.* 30-6-58]. Recently the posts of Director of Mobilisation Planning and Deputy Director of Mobilisation Planning

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			have been sanctioned by Govt. for the Controller General of Defence Production's Organisation. The Officers have now assumed charge. The Officers will primarily be responsible for drawing up a Mobilisation Plan which will *inter alia* deal with question relating to stock-pile to meet emergencies. The drawing up of the stock-pile levels and its implementation will, however, take time and will be dependent on availability of funds, particularly foreign exchange. [*Min. of Defence O.M. No.* 21/3/57/*D*(*Prod.*) *dt.* 12-2-59.]
16	37	The Committee feel that the staff employed on the care and custody of stores is on the high side and that there is scope for reduction in stores-keeping establishment, even on the basis of present holdings. They recommend that the feasibility of reducing the expenditure on care and custody of stores should be considered.	The progressive increase in expenditure on care and custody of stocks since 1952-53 can be attributed to the following causes :— (*i*) Increases in the dearness allowance, house rent allowance etc. to the staff and workers ; (*ii*) Utilisation of surplus industrial workers in the stores sections rather than show them as idle labour. The surplus workers were utilised on cleaning up of stores/care and custody of stocks. The expenditure on such idle workers was reflected in the charges on care and custody of stocks. However, with the

retrenchment of surplus workers in September, 1956, this item of expenditure has been cut down resulting in a significant reduction of stores indirect charges in the factories.

[*Min. of Defence O.M. No. 21/3/57/D(Prod.) dt.* 13-8-57.]

Further information required by the Committee

The extent to which stores indirect charges have come down in the different factories.

(*Lok Sabha Sectt. O.M. No.3-EC. I/58 dated* 8-5-58)

A statement indicating the average stores indirect charges percentages for various Ordnance factories during the years 1956-57 and 1957-58 (upto December, 1957) is forwarded herewith. (Appendix III). It will be observed therefrom that generally there has been a gradual fall in S.I percentage of most factories indicating a dorp in the care and custody charges. With the introduction of the new procedure with effect from 1st April 1958 for working at the S.I. percentage, as contained in this Ministry's letter No. 2/1/57/D (Prod) dated 12th October 1957 (Appendix IV) as amended by corrigendum No. 983/58/D (Prod) dated 21st February 1958 (Appendix V), it is expected that there will be a further drop in the S.I. percentage of all factories. In the few factories where the S. I. percentage has shown an increase, the main reason is the reduced rate of production and consequential reduced values of direct materials drawn. This fact is substantiated by the statement (AppendixVI) of care and custody charges incurred by these factories during the last two years which shows a

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			progressive downward trend except in Metal & Steel Factory, Ishapore. [*Min. of Defence O.M.No.* 21/3/57/D (Prod) dated 1-10-58].
17	41	The Committee hope that with the introduction of the new provisioning procedure and its correct implementation such surpluses would not arise in future. Since the holdings of surpluses involve considerable expenditure in the shape of store-keeping charges and deterioration of stores due to prolonged storage, the Committee would suggest that expeditious action may be taken for the declaration and disposal of these surpluses after ensuring that they are really surplus to the requirements.	From the figures given in para 26 of the Report, it will be seen that the value of stocks at the close of 1953-54 was Rs. 42·8 crores which steadily came down to Rs. 39·29 crores at the end of 1955-56. We are glad to report to the Committee that at the end of 1956-57 this figure was further brought down to Rs. 35 crores. Periodic reviews of the stocks held in the Ordnance Factories is being made and the stores found surplus are being declared for disposal to the D.G. S. & D./Fresh provisioning of material has also been considerable tightened up, as will be evident from the figures given in para 18 of the Report. As a result of all these measures, it is expected that the value of stock-holding will be further reduced during the current financial year. [*Min of Defence O. M. No.* 21/3/57/D (*Prod*) *dated* 13-8-57].
21	50—51	The Committee feel very much concerned at the present condition of the Plant and Machinery in	We have accepted the fact that a significant part of the plant and machinery in the Ordnance Factories

the Ordnance Factories, particularly in view of the rapid technological progress made in recent years in advance countries, resulting in modernisation having been effected in lay-outs and machinery in their factories. They understand that the Baldev Singh Committee, in its report submitted in December, 1954, had pointed out that some of the machines in the Ordnance Factories were fit only for scrap. The Committee consider this very unsatisfactory as it affects production in a matter which concerns the very security of the country.

requires replacement and a Five-Year programme for replacement of plant and machinery has already been drawn up. The actual provision of plant and machinery in line with this plan will be dovetailed with the foreign exchange available from time to time. It is mentioned that the Ordnance factories have placed demands to the extent of approximately Rs. 160 lakhs during the first six months of this year, which is equal to the foreign exchange allotment made to the Ordnance Factories for this purpose.

Apart from this, action has been taken for replacement/ modernisation of certain plant and machinery on the basis of the recommendations made by the Baldev Singh Committee.

In relation to the amount of Rs. 40 crores mentioned by the Estimates Committee in para 71 of the 54th Report, it is stated that this estimate was not only for replacement and modernisation, but included certain new projects which will be treated separately on individual merits. As stated previously the amount of actual expenditure towards the Five-Year Plan for replacement and renewal will be worked out on the basis of priorities within the availability of foreign exchange and everything possible will be done to find ways and means to replace and modernise the old and obsolete equipment according to the scheduled Five-Year Plan.

[*Min. of Defence O.M.No. 21/3/57/D(Prod) dated 13-8-57.*]

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22	53	The Committee feel that in order to maintain the working efficiency of the Ordnance Factories at proper levels, there should be some correlation between the amount of annual depreciation charged on the Plant and Machinery to that spent on replacement etc. To this end they have suggested in an earlier Report the resuscitation of the R/R Fund or at least provision of larger funds for the purpose.	The question of resuscitation of the Renewal/Reserve Fund had been considered at various times at the highest levels in this Ministry as well as in the Ministry of Finance (Defence). The last occasion when the Government considered it was when the Ordnance Factories Re-organisation Committee (Baldev Singh Committee) made this proposal. It is, however, regretted that this fact was not specifically brought to the notice of the Estimates Committee through oversight. The question was later on discussed at a meeting of the Defence Production Planning Committee of which the Deputy Defence Minister is the Chairman. It was decided to drop the proposal for the following reasons:— (*i*) The amount at credit of the fund will not be enough to meet all the renewals programme unless contributions are made to it by Government retrospectively for the past periods when the fund was discontinued. This will, however, not be feasible at present; (*ii*) Any renewal programme will have to be justified on financial grounds whether the cost is met out of the Renewal/Reserve Fund or from the Consolidated Fund; and (*iii*) Since the major part of any machinery/plant replacement has to be necessarily met by import,

the actual purchase is dependent on the availability of Foreign Exchange irrespective of whether the equivalent in rupees is available in the Renewal/Reserve Fund, and each such replacement proposal has to be considered on its own merit on the basis of inescapability and availability of foreign exchange rather than automatic replacement on the basis of money available in the Renewal/Reserve Fund.

2. The Government have taken the following steps for speeding up the replacement of worn out plant and machinery in Ordnance Factories and especially for eliminating delays in obtaining approval/sanctions:—

(*i*) The Government have accepted in principle a programme for the replacement and modernisation of the Ordnance Factories during the Second Five Year Plan period;

(*ii*) The question of enhancing the local purchase powers of the D.G.O.F. for the purchase of plant and machinery is under the consideration of this Ministry;

(*iii*) The Government have evolved a simplified procedure for authorising the DGOF to replace machine tools in the tool rooms after 10 years life excluding idle periods; and

(*iv*) Similar provision has been made for the replace-

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			ment of machine tools in the production shops after 20 years. [*Ministry of Defence O.M. No. 21/3/57/D(Prod), dated 30-6-58.*]
23	54	The Committee hope that every effort will be made to expend the amount envisaged in the Second Five Year Plan in the light of the remarks contained in para 71 of their Fifty-fourth Report on Ordnance Factories,Organisation and Finance, so as to replace the entire over-age as well as inefficient machinery and at the same time modernise it.	We have accepted the fact that a significant part of the plant and machinery in the Ordnance Factories require replacement and a Five Year programme for replacement of plant and machinery has already been drawn up. The actual provision of plant and machinery in line with this plan will be dovetailed with the foreign exchange available from time to time. It is mentioned that the Ordnance Factories have placed demands to the extent of approximately Rs. 150 lakhs during the first six months of this year, which is equal to the foreign exchange allotment made to the Ordnance Factories for this purpose. Apart from this, action has been taken for replacement/modernisation of certain plant and machinery on the basis of the recommendations made by the Baldev Singh Committee. In relation to the amount of Rs. 40 crores mentioned by the Estimates Committee in para 71 of the 54th Report, it is stated that this estimate was not only

			for replacement and modernisation, but ncluded certain new projects which will be treated separately on individual merits. As stated previously the amount of actual expenditure towards the Five Year Plan for replacement and renewal will be worked out on the basis of priorities within the availability of foreign exchange and everything possible will be done to find ways and means to replace and modernise the old and obsolete equipment according to the scheduled Five Year Plan. [*Ministry of Defence O.M. No. 21/3/57/D(Prod), dated 13-8-57.*]
27	59	The Committee would suggest that the proposals for purchase of plant and machinery, new as well as on replacement account, should be scrutinised expeditiously by a Committee of Technical Officers at the Headquarters Office of the DGOF with reference to the condition of plant and machinery further determined, if necessary, by a visit to the Factory concerned, so that some uniformity in replacements etc. may also be maintained. It would perhaps facilitate matters if a representative of the associated Finance was also associated with this Committee.	The suggestion made by the Committee is already being acted upon. Though there is no specific Committee for scrutinising demand for plant and machinery, there is a separate group of technical officers under the Assistant Director General (Engineering) to scrutinize the demands received from the factories on the basis of necessity and the type of equipment ordered, based on the nature of the job/jobs the machine or plant is expected to do. The recommendations of this engineering group are further screened by the Deputy-Director General (Production) in consultation with the Deputy Financial Adviser (Factories). To expedite matters,

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			concurrence of financial authorities has been obtained for replacement of tool room plant with over 10 years effective service and production shop plant with over 20 years effective service without the necessity of detailed scrutiny. [*Ministry of Defence O.M. No. 21/3/57/D(Prod), dated 13-8-57.*]
32	72-73	The Committee feel that sufficient attention was not bestowed by the Ordnance Factories on the selection of the German Reparation Machines. They feel that had the recommendation contained in para 67 of their First Report been implemented, particularly since most of the machines were received in the Ordnance Factories after it was made, the present unfortunate situation might not have arisen.	This Ministry's comments on this recommendation are still under finalisation. [*Ministry of Defence O.M. No. 21/3/57/D(Prod), dated 12-2-59*] It is observed from para 71 of the Report that the Committee were already alive to the difficulties which the Director General of Ordnance Factories had to face in the proper selection of German Reparation Machines. The quota allotted by the Inter Allied Reparation Agency for undivided India comprised of 151 plants consisting of 10,431 machines. By the time selection of the plant and machinery was made by India, the principal allies had already selected the machines and the machines allotted to India were either not the best or not in good condition. The Reparation Team from India were, therefore, left with no choice but to take the best of what was left over.

In the majority of cases, the plants allocated to India had worked continuously throughout the war period and even earlier and had already spent up greater part of their useful life. Furthermore, after arrival in India, for want of proper storage facilities, these machines were exposed to the inclement weather conditions, lying in the open in Docks and Depots before issue to the ultimate consignees.

Ordnance Factories were prevailed upon to take as many machines as possible, since the machines were previously used for munitions manufacture and description of the machines made them appear to be useful to the Ordnance Factories. They were also too keen to take advantage of what appeared to be cheap and quick way of re-equipping their shops and renewing their heavily used and out moded plant. The main criteria of selection was to acquire such machines only as could be gainfully utilised against the existing and foreseeable requirements and for augmenting production capacity in Ordnance Factories. With this end in view, all possible care was taken to avoid selection of machines which might ultimately prove to be unusable. Since, however, selection had to be made from the visual inspection only due to the difficult conditions of storage and lack of facilities, out of the machines selected for use inOrdnance Factories, about 22·26

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			per cent of the machines were found to be beyond economical repairs and as such unusable inOrdnance Factories. It may be appreciated that the selection of machines was given due care and consideration, under the circumstances then prevailing. 2. As regards the non-implementation of the recommendation contained in para 67 of the Committee's First Report, this Ministry has no comments to offer, as it was intended for the then Ministry of Industry and Supply. [*Ministry of Defence O.M. No. 21/3/57/D(Prod), dated 14-2-59.*]
38	86	The Committee consider that there is scope for reducing the time taken by the OrdnanceFactories in establishing production and therefore suggest that a careful examination of the various processes involved therein should be carried out to clear the bottlenecks and eradicate other causes of delays.	The time required for development of production of a new item can be categorised as follows:— (*a*) Visualising the machine and material requirement from the particulars. (*b*) Preparation of designs of jigs, tools and fixtures suitable to the particular machines which might be available. (*c*) Manufacture of tools, jigs and fixtures and provisioning of material which will involve,

in case of new items, investigation regarding source of supply of trials with substitutes.

(*d*) Actual manufacture and solving production problems on the plant as and when they arise.

The main bottleneck is in the first 3 stages due to shortage of sufficient number of experienced personnel in the pre-production sections, mainly Estimators and Rate-fixers, Designers for tools, jigs and fixtures, Tool-room personnel and the general difficulty in obtaining specified materials for new stores, which is linked up with the general development of industrial potential of the country.

The question of strengthening of the pre-production sections in theOrdnance Factories has been engaging the attention of the Ministry and certain proposals for training of staff and workers have already been implemented which have been referred to against relevant chapters of the Estimates Committee's 55th Report on staff and Training. While the Ministry realises that the time taken for establishing manufacture of certain new items has been unduly long, there are also instances where the Ordnance Factories have established manufacture of complicated new stores from first principle (*i.e.* without being able to get the "know-how" from outside) within a very short time which compares very favourably with the time normally taken even in the advanced countries.

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			In relation to the Estimates Committee's observation in para 93, we would like to mention that the difficulties experienced during the course of production are not always due to insufficient attention being paid to preliminaries, but due to the fact that in certain engineering problems and pyro-technique filling, the production technique has to be finalised only on the shop floor after actual production trials To try and visualise every type of bottleneck before the start of work would only mean delay in undertaking the actual work without any guarantee that production difficulties will not arise even after such detailed preliminaries.
			The Ministry, however, accepts that the development of production of new items should be treated as a separate category different from the production of established items, and the D.G.O.F. has been asked to examine this question in detail.
			[*Ministry of Defence O. M. No. 21/3/57/D(Prod), dated 13-8-57*].
		Further information required by the Committee Final action taken in the matter. (*Lok Sabha Secretariat O. M. No.* 3-*ECI*/58 *dated* 8-5-58).	This Ministry has already laid down a procedure for the segregation and charging to production of all expenditure of developmental nature--*vide* this Ministry's letter No. 7/2/56/2450/D (Prod) dated the 21st May, 1958 (Appendix VII). Subsidiary instructions to the Ordnance Factories containing de-

			tailed procedure whereby the development extracts will be separated from normal production extracts are being issued by the Director General of Ordnance Factories in consultation with the Ministry of Finance (Defence). [*Ministry of Defence O.M. No. 21/3/57/D (Prod) dated 1-10-58*]. Instructions to Ordnance Factories have already been issued by the Director General of Ordnance Factories—*vide* his letter No. 41/P(C) dated the 18th December, 1958 (Appendix VIII) indicating the detailed procedure to be adopted by factories for the segregation of development extracts from normal production extracts. [*Ministry of Defence O. M. No. 21/3/57/D (Prod) dated 12-2-59*].
41	92	The Committee learn that priorities of manufacture are changed often by indentors. They realise that for operational needs such instances might arise but deplore their frequent occurrence in normal times. They suggest that there should be a thorough test check of such cases, in particular, to see whether the case was due to faulty material used, defective storage etc. so as to enable remedial measures to be taken in future.	The Committee's recommendation under reference is not clear. It is noted that the key sentence *i.e.* "As an instance it was explained that in the case of ammunition whose average life was ten years, it had sometimes happened that large quantities of ammunition, which were considered to be good at the earlier year's review were on test found to be unsuitable next time and hence the manufacture of the item originally given low priority had to be accorded high priority" has been omitted in the recommendation while summarising the relevant para of the Report on which it is based. The

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			reference to the test check of such cases obviously relates to the above only. On this assumption, our comments on the recommendation under reference are as follows : The cases referred to by the Committee wherein priorities have to be upgraded due to the condemnation of ammunition have been considered. It is felt that the position was possibly not clearly explained to the Committee. The real position is this. Each type of ammunition, depending upon the materials used in the design, including chemicals and explosives have a certain estimated serviceable life; and provision for replacement of overage ammunition should be made in anticipation of deterioration. Such cases do not occur in relation to the requirements of practice ammunition or for training which are normally produced and utilised on year to year basis; but do arise where the deterioration rate based on the serviceable life and the quantity of reserves is significantly greater than the peace time requirements of the Services which does not allow adequate turn over of the reserve stocks. For instance, for an ammunition having 10 years serviceable life, the proof tests up-till the 10th year may show that the ammunition is serviceable, but during the next year the deterioration would have reached the limit of serviceability which would mean that the entire quantity of reserves

			has to be replaced within the shortest possible time. A proposal that the normal production target should be either the normal training requirements or the rate of deterioration whichever is greater has been accepted by the Defence Production Planning Committee and Government orders are expected to be issued. Where any ammunition is found unserviceable significantly before its estimated life, it has been the normal practice to thoroughly investigate all aspects including design, materials and storage. [*Min. of Defence O.M. No. 21/3/57/D(Prod) dated 1-7-58*].
42	93	The Committee were informed that due to lack of experience the production personnel did not always appreciate all the snags and pitfalls in the development of manufacture particularly of new complicated items, all at one time and realise them only one after another. They feel, however, that this would indicate insufficient attention being paid to preliminaries before production was undertaken, since the development of manufacture of all new and complicated stores, would ordinarily and in fact, should first be carried out on an experimental basis and mass production only after all the processes have been fully finalised. For this purpose they would suggest that such experi-	The time required for development of production of a new item can be categorised as follows:— (*a*) Visualising the machine and material requirement from the particulars; (*b*) Preparation of designs of jigs, tools and fixtures suitable to the particular machines which might be available; (*c*) Manufacture of tools, jigs and fixtures and provisioning of material which will involve, in case of new items, investigation regarding source of supply or trials with substitutes; and

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		mental orders should be kept apart from other orders and that their progress should be watched separately.	(*d*) Actual manufacture and solving production problems on the plant as and when they arise. The main bottleneck is in the first 3 stages due to shortage of sufficient number of experienced personnel in the pre-production sections, mainly Esti mators and Rate-fixers, Designers for tools, jigs and fixures, Tool-room personnel and the general difficulty in obtaining specified materials for new stores, which is linked up with the general development of industrial potential of the country. The question of strengthening of the pre-production sections in the Ordnance Factories has been engaging the attention of the Ministry and certain proposals for training of staff and workers have already been implemented which have been referred to against relevant chapters of the Estimates Committee's 55th Report on Staff and Training. While the Ministry realises that the time taken for establishing manufacture of certain new items has been unduly long, there are also instances where the Ordnance Factories have established manufacture of complicated new stores from first principle (*i.e.* without being able to get the "know-how" from outside) within a very short time which compares very favourably with the time normally taken even in the advanced countries.

In relation to the Estimates Committee's observation in para 93, we would like to mention that the difficulties experienced during the course of production are not always due to insufficient attention being paid to preliminaries, but due to the fact that in certain engineering problems and pyro-technique filling, the production technique has to be finalised only on the shop floor after actual production trials. To try and visualise every type of bottleneck before the start of work would only mean delay in undertaking the actual work without any guarantee that production difficulties will not arise even after such detailed preliminaries.

The Ministry, however, accepts that the development of production of new items should be treated as a separate category different from the production of established items and the D.G.O.F. has been asked to examine this question in detail.

[*Min. of Defence O.M. No. 21/3/57/D(Prod) dated 13-8-57*]

Further information required by the Committee

Final action taken in the matter.

(*Lok Sabha Sectt. O.M. No.* 3-*ECI*/58 *dated* 8-5-58)

This Ministry has already laid down a procedure for the segregation and charging to production of all expenditure of developmental nature—*vide* this Ministry's letter No. 7/2/56/2450/D(Prod) dated 21st May, 1958 (copy at Appendix VII). Subsidiary instructions to the Ordnance Factories containing detailed procedure

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			whereby the development extracts will be separated from normal production extracts are being issued by the Director General of Ordnance Factories in consultation with the Ministry of Finance (Defence). [*Min. of Defence O.M. No. 21/3/57/D (Prod) dated 1-10-58*].
45	95	The Committee suggest that a central watch by means of Progress Reports should be kept by the Director General of Ordnance Factories over the extent and volume of orders (Priority as well as others) lying unexecuted with the Ordnance Factories for over six months. These Progress Reports should specify the reasons for the delay in execution of orders and should be submitted quarterly to the Director General of Ordnance factories who should closely scrutinise these reports to see that the causes of delays are removed as far as possible so that production could be expedited. Further, similar reports at half yearly intervals should also be scrutinised by the Controller General Defence Production and Defence Production Board to enable them to initiate necesssary action.	A revised procedure has been recently introduced under which the D.G.O.F. would receive monthly progress reports on PX and P-I items and six monthly reports on all other items. He would forward these progress reports with his own comments to the various indentors. Cases where the indentors are not satisfied with the progress would be brought to the notice of the Controller General of Defence Production and, where necessary, of the Defence Production Board as well. Since the number of extracts on which progress reports will have to be submitted will run into thousands, it will not be practicable either for the Controller General of Defence Production or for the Defence Production Board to scrutinise the entire progress report at any time. [*Ministry of Defence O.M. No. 21/3/57/D(Prod) dt. 13-8-57*]
46	96	While appreciating the difficulties of production of new items in the initial stages, the Committee hope that it might perhaps be possible to reduce	It is realised that even in case of established items the processes employed and the layout in the Ordnance factories may not be the most economic and

		these abnormal rejections by establishing the production of new items on an experimental basis in co-operation with the Technical Development Establishment etc.	are susceptible to more than average rejections. This is not so much due to care not being taken in the initial stages or not taking assistance of associated technical development, which is invariably done, but because the Ordnance factories have to establish manufacture of a new item in most cases on the plant that is actually available and which while capable of doing the job may not be ideally suitable. Secondly, when the need is for establishment of indigenous production, the first job of an Engineer is to establish a technique of production. It is only after such a technique is established that all the pros and cons regarding economies of the Plant and processes can be examined in relation to change in the process and/or installation of a more economic layout wherever feasible. It is, however, mentioned for the information of the Committee that instructions already exist to the effect that bulk manufacture of a store should not be undertaken before establishing production on an experimental basis. [*Ministry of Defence O.M. No.* 21/3/57/D(*Prod*) *dt.* 13-8-57]
48	98	The results achieved by the Statistical Quality Control Section indicate that wasteful processes were being followed in Ordnance Factories and that the setting up of the Statistical Quality Control Section was an overdue reform. They suggest that stern action should be taken against all those	With regard to the Estimates Committee's recommendations that strong action should be taken against all those guilty of wasteful processes, it is pointed out that beneficial results always accompany introduction of S.Q.C. methods both by way of reducing the rejections and in effecting economy on production costs and inspection personnel.

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		guilty of these wasteful processes. Further, the Committee hope that the Statistical Quality Control Section would succeed in progressively reducing the rejections and in securing greater and effective control over production costs and bringing about marked improvements in the quality of products.	This tendency is noticeable particularly on operations which are susceptible to better quality as a result of closer control. From this, however, it does not follow that there had been carelessness or negligence on the part of the production personnel prior to the introduction of S.Q.C. It may be that a process of production may remain the same but by introduction of S.Q.C. methods better performance may be achieved. As such the question of penalising the production personnel for their sub-standard performance prior to introduction of S.Q.C. methods does not arise. [*Ministry of Defence O.M. No.* 21/3/57/*D*(*Prod*) *dt.* 13-8-57].
50	100	The Committee feel that the causes leading to idle time payments (within control) are avoidable and reflect on the efficiency of Ordnance Factories. They suggest that special measures should be initiated to reduce the expenditure on idle time payments.	The major portion of the idle time expenditure incurred in the Ordnance Factories is directly attributable to shortage of materials, tools etc. To widen this bottleneck, the local purchase powers of the Superintendents/Officers-in-Charge of factories have been raised from Rs. 5,000/- to Rs. 10,000/- per item and they have been authorised to exercise these powers freely at all times. Other remedial measures such as placing of firm indents on the Director General, Ordnance Factories by the Services for their requirements of recurring items on a three year programme basis, authorising DGOF to cover his full material and tool requirements to meet such indents, and

			delegation of additional purchase powers to the DGOF including powers of purchase on a single-tender basis, are under the active consideration of Government. To facilitate procurements, specifications for raw materials are being kept under constant review. 2. The other two contributory causes for idle time expenditure are machine breakdown and belt faults. Payments of idle time on these accounts are not large and to a certain extent unavoidable. Preventive and periodical maintenance of all plant and machinery including belting is carried out, but as some of the machines are very old, no amount of care and maintenance can avoid an occasional breakdown. [*Ministry of Defence O.M. No.* 21/11/57/*D(Prod)* *dt.* 6-11-57].
53	104-105	The Committee do not consider that the question of encouraging production of Defence Stores in the public and private sectors has received adequate attention so far. They feel that there is considerable complacency in this matter and that it needs to be overcome. The Committee recommend that more energetic steps should be taken to enlist the active support of all the production units in the country to share in the Defence production The Committee feel that the Defence Production Board together with its Advisory Committee and the Defence Produc-	This Ministry is fully alive to the question of association of private sector for the production of defence stores/equipment and for this purpose various steps have been taken so far. Apart from the representation of the private industrialists at the Defence Production Advisory Committee, the various Sub-Committees of the Defence Production and Supply Committee have been authorised to invite representatives of the private sector with a view to locating/facilitating the production of stores/equipment at present imported. Copies of a brochure giving particulars in regard to specifications

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		tion and Supply Committee have a very important role to play in this matter and that they should keep a close watch over the existing, developed or potential productive capacity in the civil sector and also ensure full co-ordination and co-operation by entrusting to the latter whatever can be undertaken by it, without entering into any competition. In this connection the Committee suggest that the feasibility of getting the steel required by the Ordnance Factories, manufactured in the new steel factories which are being set up, should also be examined.	and annual requirements of items of general stores, at present imported, have been sent to the Presidents of the Federations of Indian Chambers of Commerce and Industry, and the All India Manufacturers Association. The object was to seek their assistance in the establishment of indigenous manufacture of these items. The Defence Production Planning Committee which is to prepare a phased plan for achieving self-sufficiency in the production of defence stores/equipment will naturally examine the nature and extent of assistance which the private sector can provide for the purposes. As regards special steel required by the Ordnance Factories, this has already been taken up with the Ministry of Fuel, Iron and Steel and the Private Industrialists concerned. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod) dt.* 13-8-57]
		Further information required by the Committee. Further action taken in the matter. (Lok Sabha Secretariat O.M. No. 3-ECI/58 dated 8-5-58).	The Defence Production Planning Committee has recommended that as a plant for educating the trade, educational orders may be placed for selected items on the trade. The recommendation is being implemented. As regards procurement of Defence requirements of steel from the Steel plants in the public sector, the matter has been discussed with the Ministry of

			Steel, Mines and Fuel (Department of Iron and Steel). Further discussions are to be held shortly to finalise the matter. [*Ministry of Defence O.M No. 21/3/57/D(Prod) dt.* 1-10-58]
54	107	The Committee recommend that utmost priority should be given to the drawing up of an all comprehensive Mobilisation plan and that it should be ensured that the plan is kept up-to-date in the light of new developments.	Committee's recommendations have been noted. Mobilisation Plan will be part of the overall plan for self-sufficiency now under consideration of the Defence Production Planning Committee. [*Ministry of Defence O.M. No. 21/3/57/D(Prod) dt. 13-8-57*].
		Further information required by the Committee.	The proposals for the drawing up of a Mobilisation Plan are still under examination by this Ministry. [*Ministry of Defence O.M. No. 21/3/57/D (Prod.) dt. 30-6-58*].
		The results of consideration of the recommendations. (Lok Sabha Secretariat O.M. No. 3-ECI/58 dated 8-5-58).	Recently the posts of Director of Mobilisation Planning and Deputy Director of Mobilisation Planning have been sanctioned by Government for the Controller General of Defence Production's Organisation. The officers have now assumed charge. The officers will primarily be responsible for drawing up a Mobilisation Plan which will *inter alia* deal with questions relating to stockpiles to meet emergencies. The drawing up of the stockpile levels and its implementation will, how-

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			ever, take time and will be dependent on availability of funds, particularly foreign exchange. [*Ministry of Defence O.M. No. 21/3/57/D(Prod) dt. 12-2-59*].
55	1C9	The Committee are glad to note the increase in the volume of civil trade production. They suggest that Defence Production Board should decide about the extent of civil production in a way as not to jeopardise defence production and at the same time ensuring the utilisation of spare capacity to the fullest extent.	The Ministry are fully alive that in the matter of undertaking Civil Trade Work, the preliminary responsibility of the DGOF for defence production is not lost sight of. At present Civil Trade Orders are undertaken where there is clear surplus capacity not booked against known or anticipated Service orders. A high power Committee has already been constituted for laying down a long-term plan for production of Service stores. Once this plan is finalised, based on requirements and priorities of the Services, the precise extent to which and lines in which surplus capacity would be available can be determined for undertaking Civil Trade work on planned basis. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod) dt.* 13-8-57.]
57	111	The Committee suggest that measures to reduce actual cost of production by reducing overheads in Ordnance Factories should be devised.	There seems to be some misunderstanding as to the reasons for which the factories were allowed to exclude 25% of the variable overheads while calculating the minimum cost of production. The

			dispensation for excluding 25% of the variable overhead charges was decided not as a relief for Civil trade work, but it was justifiably felt that certain charges now borne as variable charges are, in fact, of the nature of fixed charges which have to be excluded, while determining the minimum cost of production. Since it had been previously decided that the DGOF should have the power to issue quotations at prices which may exclude the entire fixed charges. It was subsequently decided that the element of fixed charges in the variable overheads charges should also be similarly treated. Moreover all quotations do not necessarily exclude even fixed charges. It may be stated that during 1955-56, on the Civil trade taken as a whole, Ordnance Factories were able to recover not only the entire variable charges but also all the fixed charges from the Civil indentors. This would show that, on an overall basis, the cost of production in Ordnance Factories is not comparably high and that Ordnance Factories are not competing with others on an unfair basis. [*Ministry of Defence O.M. No. 21/3/57/D(Prod.) dt.* 13-8-57].
59	113	The ~~Estimates~~ Committee suggest that ~~the question regarding the~~ rates of commission as well as the number of ~~commission~~ agents should be examined afresh to see whether any improve-	The sale of optical and scientific instruments produced in Ordnance Factories is being effected through four agents. Although the terms of agency provide for the sale of all types of such

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		ment could be made so as to increase the production and sales to the extent possible.	instruments at the discretion of the DGOF these agents have so far been selling only microscopes and binoculars. As regards the adequacy or otherwise of the commission which is at present admissible to them at the following rates :— *For Microscopes of O.F. Dun Manufacture* : (*i*) Annual turnover of Rs. 25,000 or over . . . . . 30% (*ii*) Annual turnover of Rs. 15,000 or over but less than 25,000 . 25% (*iii*) Annual turnover below Rs. 15,000 . . . . . 20% *For Binoculars of O.F Dun Manufacture* (*i*) Annual turnover of Rs. 12,500 and above . . . . 33⅓% (*ii*) Annual turnover of Rs. 7,500 or above but below Rs. 12,500 . 25% (*iii*) Annual turnover below Rs. 7,500 20%

59 (contd.) 113

the matter has been carefully examined and it is considered that rates of commission specified above are quite reasonable and in line with commercial practice. The fact that no representation has been received in this regard from the existing agents, shows that they are satisfied with the reasonableness of the rate of commission provided in the agency terms. However, certain representations were rereived from our Agents in regard to the method of payment of commission, which was payable at the end of the year. It has now been decided to allow 20% commission initially, provided orders of the value of Rs. 4,000/- or more are placed in the first instance, and 20% on subsequent orders of the value of Rs. 2,000/- or more at a time in the same financial year. The balance of commission earned will be remitted at the end of the financial year. This is likely to induce the agents to place larger orders.

The low off-take of binoculars and microscopes produced in Ordnance Factories in the past was due to the fact that until recently there was no ban on the import of such items. Now that a complete ban has been imposed on the import of the types under manufacture in Ordnance Factories, demands have increased and there is now no complaint regarding the low off-take of these items from the factory. The question of the exact number of agents to be appointed hereafter for the sale of factory produced scientific and optical instruments

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			has been under consideration for some time now but no final decision has so far been taken. It has, however, been decided that the right of direct sale to Government Departments should be retained by the Factory/Director General of Ordnance Factories. [*Ministry of Defence O.M. No.* 21/3/57/*D* (*Prod.*) *dt.* 25-4-58].

CHAPTER IV

Replies of Government that have not been accepted by the Committee

Serial No.	Ref. to para No. of the Report	Recommendations made by the Committee	Reply of the Government	Comments of the Committee
1	2	3	4	5
1	4	The Committee recommend that the stores required by the Ordnance Factories should also be brought within the scope of the Equipment Committee as suggested in their 56th Report on Army Stores.	As stated in our comments on the Estimates Committee's Report on Army Stores, a Defence Production Planning Committee under the Chairmanship of the Deputy Defence Minister (II) has been constituted to study and submit a preliminary report on the possibilities of placing maximum reliance on indigenous production of Defence stores/equipment, and thereafter prepare a phased plan for achieving self-sufficiency as far as	Attention is invited to S. No. 14 of the Committee's 56th Report which has been pursued in their Fortieth Report (Second Lok Sabha).

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			possible. This Committee will also take into consideration the stores required by the Ordnance Factories. [*Ministry of Defence O.M. No.* 21/3/57 *D (Prod) dated* 13-8-57].	
8	17	The Committee were told that it might be advantageous if the DGOF was authorised to enter into rate contracts which could be operated by Supdts. in the case of items which are particularly required by the Ordnance Factories only and not by other Government Deptts. and for which the DGS&D does not go in for rate contract. The Committee suggest that this suggestion may be examined carefully with a view to its implementation to the extent possible.	The DGOF has been asked to forward an illustrative list of some items of stores which are required by the Ordnance Factories frequently but for which there are no rate contracts placed by the DGS&D because these stores are not generally required by other Government Deptts. On receipt of this list together with concrete proposals as to the financial limit etc. for which DGOF should be authorised to place rate contracts, the matter will be examined further in consultation with the Ministry of Finance (Def.) and the Ministry of WH&S. [*Ministry of Defence O.M. No.* 21/3/57/*D (Prod) dt.* 13-8-57].	The decision in the matter may be expedited.

		Further information required by the Committee. Final action taken in the matter. (*Lok Sabha Secretariat O.M. No.* 3-*ECI*/58 *dt.* 8-5-58)	The matter is still under consideration and a decision is likely to take some time. [*Ministry of Defence O.M. No.* 21/3/57/2695/*D* (*Prod.*) *dated* 4-6-58]. The case is still under consideration of this Ministry in consultation with the Ministry of Works, Housing & Supply. [*Ministry of Defence O.M. No.* 21/3/57/*D* (*Prod.*) *dated* 12-2-59].	
9	19	The Committee view with concern the necessity of posting a Liaison Officer to expedite procurement by the DGS&D when it is clearly the function of the DGS&D to arrange for purchases with as much expedition as possible.	The function of the Defence Services Liaison Cell in the DGS&D is not only to expedite procurement by the DGS&D but also to expedite the indentors for clarifications against DGS&D's references delay in inspection, giving prompt decisions against urgent operational indents relating to paper particulars, deviation in specification, acceptance of tender with delivery period different to that stipu-	The Ministry have stated that the necessity of appointment is being reviewed periodically. In their reply to S. No. 3 of the 56th Report the Ministry had stated that a full fledged Pro-

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			lated in the indents etc. In addition, the Ordnance factories' Liaison Officer has been able to render valuable assistance in the securing of certain civil trade orders through DG S & D. The necessity of the appointment of the Liaison Officer is reviewed periodically along with the other establishment of the Defence Services Liaison Cell, and if and when it is found that the continuance of the post is not necessary, orders will be issued abolishing it. In this connection it is also pointed out that, in para 41 of their 56th Report on Army Stores, the Estimates Committee themselves have recommended the appointment of Regional Army Liaison Officers to minimise delays in procurement of Defence Stores. The Committee have thus appreciated the useful role played by the Liaison Officers in the	gress Wing had recently been created in DGS &D's Orgn. and this wing progressed all indents placed on DGS&D and his regional purchase organisation. The Committee therefore suggest that in view of the creation of the Progress Wing of the D GS&D, the necessity of continuing the post of the Liaison Officer may be reconsidered.

			procurement of stores through the DGS&D. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.) dated* 10-1-58].	
20	47	The committee would suggest that the stores requirements etc. of Ordnance Factories also should be brought within the scope of the Stores Inquiry Committee as recommended in their 56th Report.	As stated in para 46 of the Estimates Committee Report, a committee known as the Stock-holdings Investigation Committee has already completed this examination of the stock-holdings in the Ordnance Factories. That Committee has pointed out that increase in stock-holdings has been principally due to :— (*a*) changes in the services demands resulting in cancellation/rejection of orders; and (*b*) provisioning of materials having been made upto 1952, on the basis of M.G.O's target programme, rather than on the basis of firm demands. All the recommendations of the Stock-holdings Investigation Committee have been accepted	The Committee feel that it would be useful to have the Stores requirements of the Ordnance Factories also examined as a part of the overall examination of Army Stores requirements by the Stores Enquiry Committee recommended in the 56th Report, and therefore, reiterate the recommendation which has been pursued in their Fortieth Report.

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			and are being acted upon. As pointed out in the comments against serial No. 17, there has already been significant reduction in the stock-holdings of the Ordnance Factories, and further reduction is expected during the course of the current year. In view of this, the Defence Ministry, is of the view that there is no necessity of another Committee examining this question again at this stage. [*Ministry of Defence O.M. No.* 21/3/57/*D* (*Prod*) *dated* 13-8-57].	
31	68	The Committee suggest that a Committee of experts drawn from public as well as private sectors, be appointed to examine the extent of idle capacity in the Ordnance Factories with a view to suggesting its utilisation to the maximum extent possible. The Committee feel that this Committee could also offer suggestions (i) regarding the utilisation in an emergency of machinery existing in private sector and the rest of public sector and similar to	One of the important terms of reference of the Ordnance Factories Re-organisation Committee was to suggest ways and means of utilising the idle capacity in the Ordnance Factories civil trade work. The various recommendations of this Committee with a view to utilising	Please see Chapter I.

that existing in Ordnance Factories and (ii) on the feasibility as well as the economics of installing in future multipurpose machinery, which could be switched over to other types of production during the lean periods of service production, thereby eliminating the problem of idle labour and machinery.

the idle capacity in the Ordnance Factories have been implemented as far as possible. In addition, Government have decided that the requirements of Government Departments should, wherever possible, be met by the Ordnance Factories. For this purpose, a list of types of stores which the Ordnance Factories can manufacture and the types of surplus capacity they possess for meeting certain orders have been communicated to the various ministries. In view of the position explained above, it is felt that the appointment of another Committee so soon after the Ordnance Factories Re-organisation Committee is not necessary, particularly in view of the increase in the civil trade activities of the Ordnance Factories that has already taken place. However, the suggestions made by the Estimates Committee will be put up for consideration by the Defence Planning Committee referred to at serial No. 1.

[*Ministry of Defence O.M. No. 21/3/57/D(Prod.) dt.* 13-8-57].

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33	74-75	The Committee deplore the long delay extending over 2-6 years which took place in overhauling and installing the German Reparation Machines in Ordnance Factories, and the somewhat casual manner in which this task was attended to by the authorities concerned, particularly when the allotment of these machines to the Ordnance Factories had itself been made on a priority basis. They feel that the overhaul of these machines should also have been taken up on a priority basis and speeded up by providing special or separate repair sections or even by securing the services of outside agencies for this purpose. They would recommend that immediate action be taken to overhaul the rest of the machinery by providing separate repair sections, if necessary.	The Ministry's comments on this recommendation are still under finalisation. [*Ministry of Defence O.M. No.* 21/3/57/D (*Prod.*) *dt.* 12-2-59]. The German Reparation machines, selected by Ordnance Factories, were received by them in small batches spread over a period of several years. By the end of April 1952 out of 2082 machines, received, 458 machines had been overhauled. The progress on the repair/overhauling of the remaining machines was retraded due to the followng factors:— (i) In many cases the plant and machinery were received without certain part and the missing parts had to be procured or manufactured before the machines could be overhauled or installed. (ii) Some of the machines required major repairs.	The Committee feel that there had been delay in completing the work of overhauling the machines and urge that arrangements to overhaul the balance of 341 machines might be expedited. They also observe that the Number of machines received by the Ordnance Factories, those retained by them and the number of machines yet to be overhauled, as given in para 5 of the Ministry's reply are

(iii) No technical data was available in respect of some of these plants and, therefore, work had to be entrusted to qualified and experienced skilled craftsmen and supervisory staff only. But the Ordinance Factories were at that time extremely short of such skilled technical personnel. The limited maintenance staff available in Ordnance Factories had to carry out repairs of not only the GR machines but a large number of very old and outmoded machines already existing in Ordnance Factories to maintain continuity of production. Efforts were made to train a number of workers but the training could hardly keep pace with the normal wastage/defections.

different from those furnished to the Committee earlier (cf-paras 70 and 74 of the 68th Report). The Committee feel that the matter be examined and the difference reconciled.

(iv) With a view to accelerating the progress of the repair of the G.R. machines, proposals for centralisation of the repair work at closing Factory Shahjahanpur and Gun Carriage Fectory, Jubbalpur (the only two places where necessary accommoda-

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			tion for the purpose was available) were considered. During this period, however, there was a fall in the service work load at many of the Ordnance Factories, and therefore, in order to avoid idle time payments, the proposal for centralisation had to be dropped and the repair work had to be distributed among certain selected factories. 2. It may be mentioned that a specialist team of foreign experts was entrusted with the work of repair/overhaul of 144 Germen Reparation machines in connection with an ammunition project. The team took 3 years to do the job in spite of the fact that the following special facilities were made available to it— (i) A number of similar machines were cannibalised. (ii) Special Government approval was granted for the procurement of deficient parts direct from original makers without adher-	

ing to the normal procurement procedure.

(iii) Technical personnel were deputed to the countries of origin of the machines for discussion with the concerned manufacturer and for obtaining early delivery of the spare parts.

(iv) The best workers in various Ordnance Factories were detailed for carrying out repair of these machines.

3. Compared to the performance of this team, the Ordnance Factories with their limited resources did their best to speed up the repair of these machines. The delay in repair which has taken place is due more to the nature and the volume of the work involved than to lack of interest or initiative on the part of the Ordnance Factories. It is doubtful if any outside agency would have carried out the repair work more expeditiously than the Ordnance Factories.

4. In the light of the above, it will be appreciated that the progress

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			made by the Ordnance Factories in the overhaul and repair of a large number of G.R. machines, in the absence of any specialist or expert knowledge cannot be regarded as unsatisfactory. 5. The latest position with regard to the overhauling of these machines is also encouraging. Out of 2790 machines received by the factories, 2112 machines have been retained by them. Out of this quantity, 1654 Nos. have already been overhauled and installed, and 117 Nos. have been overhauled but not yet installed. The number of machines yet to be overhauled is 341. Out of this quantity 144 Nos. of Bench Drilling machines will be repaired by the trainees of the Artisan Training School at Ambernath as part of their training. 179 machines are provisionally earmarked for new projects. Excluding the above number of machines tentatively earmarked for new projects and the	

			ones to be repaired by trainees at Ambernath only 18 machines remain to be repaired/ overhauled. In view of the small number now left over, it is not considered necessary to set up a separate repair cell at this stage. [*Ministry of Defence O.M. No.* 21/3/57/*D(Prod.) dt.* 14-2-59].	
34	76-77	**The Committee deplore the slow rate at which the German Reparation machines are being delivered to the D.G.S. & D. for disposal. They recommend that urgent steps should be taken to dispose of the remaining machines by quick means by adopting a suitable special procedure if necessary, *e.g.*, by circulating the lists of machines directly to other undertakings, the Chambers of Commerce, leading industrialists etc. as well as allowing them facility to inspect them.**	Ministry's comments on this recommendation are still under finalisation. [*Ministry of Defence O.M. No.* 21/3/57/*D (Prod.) dt.* 12-2-59]. The German Reparation machines were received by the Ordnance Factories in small batches spread over a number of years. Before disposal of any of the machines could be considered, it was necessary to carry out detailed inspection by qualified personnel to ascertain the full extent of deficiencies/repairs. The paucity of qualified and experienced personnel somewhat retarded the process of inspection. These machines were then sorted out as	**Though almost all surplus machines have been reported to the D.G.S. & D. a large No. of them still remain to be disposed of by the D.G.S. & D. As the machines are likely to lose value due to deterioration without proper maintenance**

1	2	3	4	5
			those which would be of use for Ordnance Factories and those which would not be required by them. In the process of weeding out the unwanted items, it was essential to ensure that the items were not likely to be required by Ordnance Factories not only for current load requirements but for future peace and war requirements also. In view of the unavoidable fluctuations in the nature and quantity of the demands of the Services and in view of the large number of projects for manufacture of defence stores which came up for consideration from time to time, finalisation of the GR machines to be retained by the Ordnance Factories took some time. After this was done, the list of surplus machines was circulated to all Defence indentors, the H.M.T., the H.A.L., the B.E.L. and the Transport Department of the Government of West Bengal. 2. The latest position regarding	pending their disposal besides involving expenditure on their storage the Committee urge that their disposal might be expedited.

disposal of the machines not required by the Ordnance Factories is as under :—

Total No. of machines obtained for O.F.s.	2790
No. retained in OFs.	2112
No. surplus to the requirements of OFs.	678

Out of these 678 numbers surplus machines 57 Nos. have been transferred direct to other departments/establishments, 619 Nos. have already been reported to the D.G.S. & D. for disposal (out of which 418 Nos. have actually been disposed of) and action for the disposal of the remaining 2 items has already been initiated. It is, therefore, considered that no special measures are necessary at this stage for the disposal of the remaining 2 machines.

[*Ministry of Defence O.M. No.* 21/3/37/*D(Prod.) dt.* 14-2-59.]

1	2	3	4	5
35	78	The entire project of the receipt and utilisation of the German Reparation Machinery was neither planned properly nor was any systematic action taken to use them at least in so far as the Ordnance Factories are concerned. The Committee consider all this very unsatisfactory. They feel that there has been some carelessness and neglect in the matter. They therefore recommend that a comprehensive inquiry should be conducted in the matter and the responsibility fixed as well as action taken against those guilty.	The Ministry's comments on this recommendation are still under finalisation. [*Ministry of Defence O.M. No. 21/3/57/D(Prod.)dt. 12-2-59.*] Compared to the conditions of storage and deterioration which the plants had suffered prior to their acquisition by the Ordnance Factories, the plants have received far better consideration while under the control of the Ordnance Factories and the conditions of storage have been by and large better. Thus the disposal value of these plants has not depreciated appreciably during their storage in Ordnance Factories. If the plants do not fetch high prices in disposals it is due to the fact that these are generally specialised single purpose plants meant for munition manufacture and have had inordinately rough wear and tear even before they reached India	A large No. of machines have yet to be overhauled or are awaiting disposal though these have been declared to the D. G. S. & D. The Committee urge that the matter should be reviewed urgently in order that maximum benefit may be derived by overhauling and disposing them of as early as possible.

			and need to be completely stripped down, important parts replaced, re-installed, tested, adjusted and be finally adopted for other uses. Nor could these plants be of any ready or substantial use to other industrial undertakings in the Public or Private Sector saving foreign exchange thereby, as suggested by the Committee. Having regard to all the circumstances of the case as explained in the preceding paragraphs, the Ministry of Defence are of the view that there has been no carelessness, much less negligence, in respect of proper planning of or systematic action on, the best utilisation of the German Reparation plant and machinery, in so far as the Ordnance Factories are concerned. [*Ministry of Defence O. M. No.* 21/3/57/*D(Prod.) dt.* 14-2-59].	
58	112	The Committee suggest that every effort should be made to give publicity to civil trade items produced in Ordnance Factories by opening show	All reasonable efforts are already being made to give publicity to Civil trade production of Ord-	The Committee re-iterated a similar

1	2	3	4	5
		rooms at selected centres, intensive and extensive advertisements, etc.	nance Factories by suitable advertisements issue of brochures as well as participating in exhibitions, both inside and outside India. As for the show rooms, suggested by the Estimates Committee, these are not considered to be necessary at this stage because the major customers for civil trade items of Ordnance Factories at present are the various Government Departments, *e.g.*, the Railways, the P. & T. Department etc., who are fully familiar with the products of the Ordnance Factories. The other articles which are purchased by non-Government bodies or individuals, are of a very limited range, *e.g.* shot guns, certain chemicals, non-ferrous products and a few optical and mathematical instruments. Due to the small range of these articles, the cost of opening any permanent show rooms, would be incommensurate and prohibitive. [*Ministry of Defence O. M. No.* 21/3/57/*D*(*Prod.*) *dated* 13-8-57.]	recommendation in S. No. 15 (para 63) of the 56th Report for opening show rooms by Defence authorities in various Industrial centres of the country for exhibition of imported defence stores. These show rooms when opened in pursuance of that recommendation can as well be utilised for exhibition of civil trade items produced in the Ordnance Factories.

CHAPTER V

Recommendations in respect of which replies of Government have not been received.

Serial No.	Ref. to Para No. of the Report	Recommendations made by the Committee	Reply of Government
	18	The question of delegating more powers of local purchase to the Director-General of Ordnance Factories and Superintendents consistent with the Government's policy of central purchase may be considered after taking into account the Committee's recommendation that the Ordnance tories should be managed by autonomous Board.	
	83-84	The Committee feel that there is scope for reducing the time-lag between the receipt of service requirements by the D.G.O.F. and placing extracts on the Ordnance Factories and issuing of manufacturing orders on the shops by the latter and recommend that measures should be devised for the purpose.	

APPENDIX I

[S. No. 29—Para 64]

No. F. 19/US-DPPC/58

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

(Defence Production Planning Committee Sectt.)

New Delhi, dated 7th August, 1958

To

The Director-General of Ordnance Factories, Calcutta.

SUBJECT :—*Administrative and Financial powers.*

Sir,

I am directed to state that the financial powers delegated to D.G.O.F./Supdts. of Ordnance Factories in various matters have been under consideration of Government for some time past. As a result of a review carried out of these powers, the President is pleased to lay down the revised financial powers of the D.G.O.F./Supdts. of Ordnance Factories as shown in the Annexure of this letter. These powers are in supersession of the relevant exirting powers of D.G.O.F./Supdts. of Ordnance Factories as prescribed in various orders.

2. I am also to add that Director-General of Ordnance Factories, being the Head of the Department will continue as heretofore, to exercise all the powers normally vested in Heads of Departments of the Government.

Yours faithfully,

Sd./- (R. K. SUNDARASAN),

Under Secretary to the Govt. of India

Copy, together with enclosure, to—

C.G.D.P., Financial Adviser, Ministry of Finance (Defence) with reference to his u.o. No. 3622/Prod. dated 29-7-58 for communication to the Controller General of Defence Accounts, New Delhi, (3 copies), the Director of Audit, Defence Services (4 copies), the Controller of Defence Accounts (Factories), Calcutta (2 copies), the Dy. Dir. of Audit, Defence Services, Calcutta (1 copy), the Controller of Defence Accounts, Eastern (3 copies) and Western Command (3 copies), Meerut, the Controller of Defence Accounts, Southern Command, Poona (3 copies), the Joint Controller of Defence Accounts, Eastern Command, Patna (3 copies), the Deputy Director of Audit, Defence Services, Poona, and Assistant Audit Officer, Defence Services, Kanpur, Bangalore, Secunderabad and Kirkee, Adada, Dehradun.

The QMG (Army H. Qrs.), The E-in-C (Army H. Qrs.), The D.F.A. (Prod.)—4 copies, The D.F.A. (Q)—10 copies, The D.F.A. (B), The D.R. & D. (A), The D.R. & D. (G), TD-20—20 copies, D.F.A. (G)—10 copies, D.F.A. (Q)—3 copies, D.F.A. (Fys.)—3 copies, D.F.A. (AG)—3 copies.

Copy also forwarded for information to —

U.S.D. (Fys.), U.S.D. (Q)—3 copies, U.S.D. (Works), U.S.D. (Prod.), U. S. C. G. (Admin.)

ANNEXURE

Revised Financial Powers of the D.G. O.F., Superintendents

Serial No.	Nature of Power	Extent of Powers		Remarks and General Conditions, if any
		D.G.O.F.	Superintendents	
1	2	3	4	5
		1. Purchase Powers		
1·1	Central Purchase including items covered by Rate/Running Contract.	Unlimited with financial concurrence for D.G.S. & D., D. G. I. S. D. and Central Purchases.	Below Rs. 1 (one) lakh *without* financial concurrence for orders on D.G.S. & D's Organisation and on Suppliers against D.G.S. & D.'s Rate Contract. For D.G.I.S.D., I. & S.C., etc., cases must be referred to D.G.O.F.	
1·2	Cash purchase	Nil	Rs. 500/- with limitation on one item to Rs. 200/-.	

1	2	3	4	5
		2. Disposals and Issues		
2·1	Disposal of surplus stores.	Nil	(*a*) Surplus stores not exceeding Rs. 5,000/- in one single category.	(*a*) The power of Rs. 5,000/- is exercisable only after *prior* concurrence of D.G.O.F. and D.F.A.(Fys.).
				Above Rs. 5,000/- and upto Rs. 1 lakh surplus stores should be declared by D.G.O.F. to the Disposals Organisation with the concurrence of D.F.A. (Fys.). Above Rs. 1 lakh the further concurrence of Defence Ministry is necessary.
			(*b*) Full powers in respect of disposal of scrap and waste products except in respect of iron and steel scrap arisings in M.S.F., G.S.F., O. F. M., O.F.A. and O.F.C.	(*b*) Iron & Steel Scrap arisings in the five factories should be disposed of under the direction of the Iron and Steel Controller.
2·2	Loan issue of stores from factory stocks to private firms under certain conditions.	Issue of stores by D.G.O.F. should be subject to the conditions stated under column 5.	Nil.	*Conditions* : (*a*) D.G.O.F. can issue stores to private firms as a loan against

a security deposit equivalent to book value or market value, whichever is higher, *plus* 5% over the book/market value *plus* another 5% on the inclusive rate. The stores will be returnable within six months from the date of issue. In exceptional cases, however, the Director General may extend this period upto one year for reasons to be recorded in writing.

If the loan is not returned within the specified time-limit, the security deposit should be forfeited and the transaction closed.

In no case should items in short supply or which are difficult to procure be issued on loan or the value of issues to be made to private firms as arrived at above, exceed Rs. 5,000/- (Rupees five thousand).

(*b*) As assistance towards completion of orders placed on firms for supply to Factories against a security deposit

1	2	3	4	5
			equivalent to book value or market value, whichever is higher, *plus* 5% over the book/market value *plus* another 5% on the inclusive rate. On completion of the order by the firm, the transaction will be adjusted as a payment issue. If any portion of the stores issued to the firm is returned to Factory as *not* consumed for the order a proportionate refund of the security deposit to the firm will be afforded.	
2·3	For items in short supply or difficult to purchase the loan issues are limited to.	Rs. 5,000/- subject to DFA/Fy's concurrence.		
		3. Plant and Machinery		
3·1	Disposal of plant and machinery.	Same powers as for disposal of stores (See 2·1).		Same as for disposal of stores (See 2·1)
		4. Powers for Manufacture.		
4·1	Manufacture of components and semis for stocks towards anticipated manufacture of	Nil	Following factories only have been granted powers as given below :—	Financial concurrence will be obtained by the D.G.O.F. before

Service stores.				issuing open extracts to the Fys. concerned against which factories are authorised to undertake manufacture for stock. The powers of Supdts. are for selected items only as per late A.D. letter No. 7911/1/ M.G.I. dated 3/2/34 as amended from time to time.

Fy.	*for all items of components*	*For single items of components*
	Rs.	Rs.
G.C.F.	20,000	2,500
G.S.F.	20,000	2,500
O.F.C.	20,000	2,500
R.F.I.	10,000	2,500
S.A.F.	10,000	2,500
M.P.F.	10,000	2,500

	D.G.O.F.		
4·2 Acceptance of orders for civil trade items.	***Government Departments, State Corporations, Municipalities, etc.***	*Other Civil Indentors.*	
(*i*) Contracts relating to steel melting and rolling.	For a period of 3 years upto a monetary limit of Rs. 10 lakhs output per month per contract.	For a period of 1 year upto a monetary limit of Rs. 10 lakhs output per month per contract.	The powers of the D.G. O.F. will be exercised subject to the concurrence of the accredited financial adviser.
(*ii*) Othe contracts.	For a period of 3 years upto a monetary limit of Rs. 5 lakhs output per month per contract.	For a period of 1 year upto a monetary limit of Rs. 2 1/2 lakhs output per month per contract.	

NOTE : The above powers will be subject to any general policy directive issued by the Controller General of Defence Production.

1	2	3	4	5
		5. Works		
5·1	Acceptance of necessity for new works projects special repairs, re-appropriation and demolition.	Rs. 40,000/- for industrial as well as non-industrial buildings, *without* the concurrence of D.F.A. (Fys.)	Rs. 1,000/- with the concurrence of the local Accounts Officer.	
		Rs. 1,00,000/- for industrial buildings, *with* the concurrence of D. F. A. (Fys.)		
5·2	Administrative approval to new works and special repairs.	Rs. 1,00,000/- for both industrial and non-industrial without the prior concurrence of Finance. Beyond that, upto Rs. 2,00,000/- with the concurrence of the Finance.	Rs. 1,000/- with the concurrence of the local Accounts Officer.	
		6. Losses, Compensation etc.		
6·1	Write off of losses of stores not due to theft, fraud or neglect.	Rs. 15,000 with prior financial concurrence.	Rs. 400/- with prior financial concurrence.	
6·2	Write off of losses of *stores* due to theft, fraud or neglect.	Rs. 5,000/- with prior financial concurrence.	Nil	

6·3	Write off of losses of *Public money* due to theft, fraud or neglect.	Rs. 5,000/- with prior financial concurrence.	Nil	
6·4	Waiving of compensation or loss due to failure of contractor.	Rs. 10,000/- with prior financial concurrence.		
6·5	Compensation under Workmen's Compensation Act.	Rs. 6,300/- with prior financial concurrence.	Rs. 1,000/- with prior concurrence of the Accounts Officer.	
6·6	Remission of Rent	Rs. 500/- per year in the case of an individual Govt. employee (without financial concurrence) or Rs. 250/- in the case of private institution with prior financial concurrence.	Nil	These powers will be exercised in accordance with the relevant para of "Qaurters and Rent".

7. Petty Expenditure

7·1	Power to sanction petty items of recurring expenditure.	Rs. 2,000/- per annum only with prior financial concurrence (in any individual case upto Rs. 200/-).	Nil	
7·2	Non-recurring expenditure not falling under any rule subject to certain conditions.	Rs. 5,000/- subject to prior financial concurrence.	Nil	

1	2	3	4	5
		8. Staff		
8·1	Creation of appointment of Staff.	NIE and NGO posts for a period not exceeding 2 years without financial concurrence to meet unforeseen demands. Gazetted post—Nil		These powers shall not apply to the creation of posts in D.G.O.F.'s H. Qr. or to any posts on a scale of pay, maximum of which exceeds Rs. 500/-.p.m.
8·2	Recruitment of staff	Non-gazetted and non-industrial staff only, *with financial* concurrence upto five stages above the minimum of the grade only.		The exercise of these powers will be reported to Defence Production Board.
8·3	Advance increments to staff. .	Full powers to give, without financial concurrence, a higher starting pay on the approved pay scale to an individual newly recruited to a non-gazetted post or to the non-industrial establishment provided that he is empowered, under the rules, to sanction such a post.	Nil	These powers shall be confined to posts co created by the D.G.O.F. under his financial powers, vide 8·1. The D.G.O.F. shall record in writing his reasons for sanctioning such advance increments.

9. Allowances

9·1	Drawal of daily allowance for halts exceeding 10 days.	Subject to conditions mentioned in PRI 116 (*iv*) to the same extent as for Heads of Governments Departments.
9·2	To allow TA to attend on obligatory departmental examination or interview in certain circumstances.	Subject to the general conditions in para 182, PRI and to the same extent as for Heads of Government Departments.

APPENDIX II

[Serial No. 29 — Para. 64]

No. F. 19/US-DPPC/58

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

DEFENCE PRODUCTION PLANNING COMMITTEE SECRETARIAT

New Delhi, the 13th December, 1958

To

The Director General of Ordnance Factories, Calcutta.

Subject:—ADMINISTRATIVE AND FINANCIAL POWERS

SIR,

I am directed to invite a reference to Govt. of India, Ministry of Defence, letter No. F.19/US-DPPC/58, dated the 7th August, 1958, and to state that the President is pleased to lay down certain purchase powers of the DGOF/Supdts. of Ordnance Factories as shown in the Annexure to this letter, which forms an addendum to the powers contained in the above letter.

2. These powers are in supersession of the relevant existing powers if any of DGOF/Supdts. of Ordnance Factories.

Yours faithfully,
Sd/ R. K. SUNDARESAN,
Under Secretary to the Govt. of India.

Copy, together with enclosure, to :—

C.G.D.P.

Financial Adviser, Ministry of Finance (Defence) with reference to his u. o. No. 7119/Prod, dated 4th December, 1958, for communication to the Controller General of Defence Accounts, New Delhi, the Director of Audit, Defence Services, the Controller of Defence Accounts (Factories), Calcutta, the Dy. Dir. of Audit, Defence Services, Calcutta, the Controller of Defence Accounts, Eastern and Western Command, Meerut, the Controller of Defence Accounts, Southern Command, Poona, the Joint Controller of Defence Accounts, Eastern Command, Patna, The Dy. Dir. of Audit, Defence Services, Poona, and Assistant Audit Officers, Defence Services, Kanpur/Bangalore, Secunderabad and Kirkee, ADADS, Dehradun.

The QMG (Army Hqrs.) The E.-in-C. (Army Hqrs.)

EXURE TO MINISTRY OF DEFENCE No. F. 19/US-DPPC/58, DATED THE 13TH DECEMBER, 1958

Revised Financial Powers of the DGOF/Superintendents

Sl. No.	Nature of power	Extent of powers		Remarks and general conditions, if any
		DGOF	SUPDTS.	
1	2	3	4	5
		1. Purchase Powers		
1·3	Local purchase for entering into contracts for fabrication/processing of raw materials/semis but including purchase of semi fabricated items, such as forgings, etc.	Rs. 50,000 with financial concurrence.	Nil	
1·4	Emergency powers of purchase of raw materials.	Rs. 1,00,000 per item with financial concurrence.	Rs. 10,000 per item without financial concurrence.	These powers would apply to meet emergent requirements of stores which are likely to hold up production and will be restricted to the minimum quantity required to tide over the emergency and would also be applicable to the local purchase of

1	2	3	4	5
				rate contract items where the non-availability of such articles is likely to cause the production to come to a standstill. A report will be made to the CGDP for submission to the Defence Production Board of each such emergency purchase.

NOTE :—All purchase powers under Sl. Nos. 1·1, 1·2, 1·3 and 1·4 should be exercised subject to normal store purchase rules as embodied in F.R. I Pt. I.

APPENDIX III

[Serial No. 16—Para. 37]

Average S. I. charges percentage for the various Ordnance Factories

	1956-57	1957-58 (upto Dec. 1957)
MSF . . .	11·57	8·20
RFI	2·62	6·33
GSF	10·00	6·33
CFA	3·19	1·87
AFK	5·00	5·00
HEF	8·11	7·25
GCF	14·70	11·83
OFA	0·74	2·28
OFM	13·74	11·26
OFC	7·25	4·00
OFKat . . .	1·62	2·50
OF Dun . . .	7·25	5·00
OFK . . .	6·86	3·68
OFB	8·50	4·16
OPF	1·26	1·22
HSF	5·31	5·17
CFS	1·15	0·95
SAF	20·00	10·00
MPF . . .	10·24	6·33
	132·29	103·36
Average for all factories	6·96	5·44

APPENDIX IV

[Serial No. 16—Para. 37]

No. 2/1/57/D. (Prod.)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 12th Oct. 1957.

To

The Director General,
Ordnance Factories,
6, Esplanade East, Calcutta-1.

Subject :—STORE KEEPING CHARGES IN RESPECT OF EMERGENCY RESERVE, STOCK PILE, ETC.—CALCULATION AND EXCLUSION FROM PRODUCTION COST OF.

SIR,

I am directed to refer to item No. 9 of the minutes of the Meeting held in this Ministry on 12th July, 1955 to consider the question of simplification in the System of Cost Accounting and Financial Control in Ordnance Factories and to convey the sanction of the President to the following:—

(*i*) It has been accepted in principle that a reserve of components, semi-manufactured articles, etc., will be maintained in Ordnance Factories to enable them to reach the desired level of output in the expected time in an emergency. Detailed orders regarding the items to be held in reserve, their quantities, method of calculation, etc., will be issued separately. Until such orders have been issued, you may, as an interim measure, hold as " emergency reserve " at the various Factories, the quantities of stores, which the Stock Holdings, Investigation Committee have so recommended in their report.

(*ii*) S. I. charges pertaining to " Emergency Reserve " Stock Pile item, and assessed surpluses will be estimated by the Superintendents of Ordnance Factories in consultation with their A.Os., taking into account the probable expenditure in the shape of labour, material, etc., on the store keeping of those items and the instructions contained in this Ministry letter No. 3005-D-1 (b)/Fy., dated 26-4-50 will be deemed as having been superseded.

(*iii*) S. I. charges calculated at (*ii*) above will be kept out of cost of production.

2. These orders will come into effect from 1st April, 1957.

3. Any subsidiary instructions considered necessary may be issued by you in consultation with the associated finance and accounts authorities.

Yours faithfully,
Sd/- B. P. SRIVASTAVA,
Under Secretary to the Govt. of India.

Copy forwarded to :—

The Financial Adviser, Ministry of Finance (Defence) with reference to his U. O. No. 9103/OF, dated 28th September, 1957 for communication to the Controller General of Defence Accounts, New Delhi ; the Director of Audit, Defence Services, New Delhi ; the Deputy Director of Audit, Defence Services, Calcutta ; the Controller of Defence Accounts (Fys), Calcutta ; and the Assistant Audit Officers, Defence Services, Kirkee/Kanpur.

The Dy. Financial Adviser (Factories), Calcutta.

The Dy. Financial Adviser (Budget), New Delhi.

APPENDIX V

[Serial No. 16—Para. 37]

No. 983/58/D (Prod.)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 21st February, 1958.

CORRIGENDUM

The following amendment is made to the Ministry of Defence Memorandum No. 2/1/57/D (Prod), dated the 12th October, 1957, regarding store keeping charges in respect of E. R., Stock Pile etc. :—

In para. 2 —

For '1st April, 1957',

read '1st April, 1958'.

Sd/- G. SEN,
Under Secretary to the Govt. of India.

To

The Director General,
Ordnance Factories,
6, Esplanade East,
Calcutta-1.

The Financial Adviser, Ministry of Finance (Defence) with reference to his U. O. No. 1887/OF, dated February, 1958 for communication to the Controller General of Defence Accounts, New Delhi ; the Director of Audit, Defence Services, New Delhi; the Deputy Director of Audit, Defence Services, Calcutta; the Controller of Defence Accounts (Fys), Calcutta and the Assistant Audit Officers, Defence Services, Kirkee/Kanpur.

The Deputy Financial Adviser (Factories), Calcutta.

The Deputy Financial Adviser (Budget), New Delhi.

APPENDIX VI

[Serial No. 16—Para. 37.]

Statement indicating the amount booked against Care and Custody Charges

Factories	1955-56		1956-57	
	Value of Direct Material consumed	Amount booked against Care and Custody charges	Value of Direct Material consumed	Amount booked against Care and Custody charges
	Rs.	Rs.	Rs.	Rs.
Ordnance Factory, Ambarnath . . .	1,38,24,743	1,55,184	1,61,86,370	1,34,224
Metal and Steel Fy., Ishapore . . .	1,83,76,625	8,67,193	1,79,90,000	9,11,140
Rifle Factory, Ishapore	68,11,952	1,74,762	25,08,970	1,45,580
Ordnance Fy., Katni	1,44,53,216	2,42,617	75,22,756	1,85,640
Ammunition Factory, Kirkee . . .	2,25,46,455	8,87,658	2,62,98,744	6,22,832
High Explosives Factory, Kirkee . . .	46,40,160	1,58,047	24,92,366	97,532

APPENDIX VII

[Serial No. 38—Para. 86]

No. 7/2/56/2450/D (Prod.)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 21st May, 1958.

To

The Director General,
Ordnance Factories,
6, Esplanade East,
Calcutta-1.

Subject :—DEVELOPMENT CHARGES IN THE MANUFACTURE OF AN ARTICLE—ACCOUNTING OF.

SIR,

I am directed to convey the sanction of the President to the adoption of the following procedure for segregation and charging off to production, all expenditure of developmental nature incurred during the establishment of a new store, whether for the Services or Civil Trade.

2. The following three distinct stages generally occur during the establishment of a store and expenditure on these 3 stages will be kept separate :

Stage I—Manufacture is established by experimentation and/or general engineering methods and the minimum quantity considered necessary for a pilot batch (including the quantity for proof lot/lots) is produced satisfactorily.

Stage II—Manufacture is established on batch/bulk production basis but improvements in technique and manufacturing methods leading to saving of labour and material remain to be finalised.

Stage III—Manufacture is established and stabilised and no appreciable saving in labour and material is expected to occur thereafter.

3. By far a greater part of the development expenditure should arise in Stage I and the balance in Stage II, the rest of the expenditure at Stages I and II representing the cost of the stores manufactured at those stages.

For this purpose the stores produced at Stages I and II will be priced on the basis of unit cost from Stage III plus a portion of the development expenditure in the manner indicated in para. 5 below. Where, however, the stores produced at Stage I or II are issued and the unit cost from Stage III is not available before the close of the year's accounts, they may be priced on an *ad hoc* basis by the Accounts Officer of the factory in consultation with the Superintendent and the difference merged with the development expenditure.

4. The exact time when one stage ends and the other stage starts will be decided by the Superintendent of the Ordnance Factory concerned.

5. The development expenditure thus segregated will be subsequently absorbed by distribution over the cost of production of the same article. The charging of the entire development expenditure will be done in such a manner that the entire expenditure is absorbed in a period of 7 years. In all such cases, a review will, however, be carried out annually to ascertain the exact position obtaining in respect of the absorption of development charges and to make any adjustments in the rate of absorption that may be necessary to achieve the objective of extinguishing the entire development expenditure relating to particular store within the specified period of 7 years.

Where, however, an order is not expected to recur, the entire development expenditure will be recovered against the first order itself. Cases requiring exceptional treatment should be decided by you in consultation with the D.F.A. (Fys.) and the C.D.A. (Fys.)

6. The special rate of absorption already accepted in the past *i.e.*, for Machine Tools and short Guns should, however, remain undisturbed.

7. Detailed instructions to be followed by the Factories and the Accounts Officers for segregating and absorption of development expenditure will be issued by you in consultation with C.D.A. (Fys.) and the Associated Finance.

Yours faithfully,
Sd/- G. SEN,
Under Secretary to the Govt. of India.

No. 7/2/56/2450/D (Prod.)

Copy of the above is forwarded to :

The Financial Adviser, Ministry of Finance (Defence) with reference to his U. O. No. 5664/OF, dated April, 1958 for communication to the Director of Audit, Defence Services, New Delhi, the Controller General of Defence Accounts, New Delhi; the Deputy Director of Audit, Defence Services, Calcutta ; the Controller of Defence Accounts (Factories), Calcutta; and the Assistant Audit Officers, Defence Services, Kirkee/Kanpur.

The Deputy Financial Adviser (Factories), Calcutta.

APPENDIX VIII

[S. Nos. 38 and 42—Paras 86 and 93.]

No. 41/P (C)

GOVERNMENT OF INDIA,

MINISTRY OF DEFENCE,

DIRECTORATE GENERAL, ORDNANCE FACTORIES,

6, ESPLANADE EAST

Calcutta-1, the 18th December, 1958

To

All Ordnance Factories.

SUBJECT :—*Development Charges in the manufacturing of Articles—Accounting of.*

A copy of the Ministry of Defence letter No. 7 (2)/56/(2450)/D (Prod) dated 21st May, 1958 laying down the procedure for the segregation and absorption of development expenditure is forwarded herewith for information and guidance.

2. In order that the provisions of the aforesaid Ministry of Defence letter are correctly implemented and made full use of, the following elucidatory instructions are circulated for the information and guidance of the factories.

Development of Stores

3. These orders are applicable to the development of all stores which are later to be taken up for mass or batch production whether against Service or Civil Trade orders. These will not however be applicable to non-recurring, *ad hoc* orders for small quantities.

4. In the case of Service items, it is intended that the manufacture of all new stores of which the manufacture is not already established in the Ordnance Factories shall initially be taken up as development items. To indicate such items, Extracts placed on factories will be clearly enfaced with the word " DEVELOPMENT ". If however, in a particular case where an Extract is not so stamped to factory may also, with prior permission of the DGOF, undertake the manufacture of a particular store on developmental basis. In the case of component parts for development items the manufacture of which has already been established or which are otherwise of simple type the manufacture will not be carried out on development basis. Their cost, will however form a part of the full development cost of the parent store. In the case of components supplied by other factories if the supplying factory has had no previous experience in the manufacture of such components, and therefore considers it necessary to establish the manufacture of these item (s) on development basis, the relevant IFDs will be stamped suitably with the word " DEVELOPMENT " by the Requisitioning factory as in the case of the parent Extracts.

5. In the case of Civil Trade items, prior permission of the DGOF will always be necessary before action is taken to undertake development of a particular store. The manufacture of prototypes will also be carried out on a developmental basis and all expending from the time the manufacture of a prototype is undertaken to the time, when its manufacture is fully established will be treated as development expenditure.

6. It may however, be noted, in this connection that the expenditure on projects pertaining to the establishment of a manufacturing technique or development of materials leading to the establishment of manufacture of a store or economy in production an existing store will not come under the purview of this letter. Such expenditure will be financed from the CGDP's Research and Development Grant, separate instructions for which purpose are under issue.

Development Stages

7. Para. 2 of the Ministry of Defence letter referred above defines three stages of development.

Stage I.—Will generally occur in the case of all new Civil Trade items and in the case of those items of Service stores, manufacture particulars of which are either not available or are otherwise inadequate to facilitate the establishment of manufacture without development work. Thus in Stage I a prototype or a small batch of a store may have to be manufactured by general engineering methods both to prove the design as well as to get acquainted with the nature of problems involved in the manufacture of the store. The preparation and finalization of drawing particulars will be carried out before the end of this stage.

The cost of successfully completed stores during this stage, if any, will be excluded from the development expenditure incurred in this stage.

Stage II.—During this stage process layout for batch/mass production of the store in question will be drawn up. The plans and materials requirements will be worked out. The tooling equipment suitable for the batch/mass manufacture will be designed and manufactured for the subsequent production of the store. Any changes or modifications in the design of the store, tooling, considered necessary for the final establishment of trouble-free manufacture of the store will be completed before the termination of this stage. The stores drawings, where prepared by the factory will be sealed after any modifications that may be found necessary. Standard estimates of manufacture will then be prepared before taking up the next stage of development. Excluding the cost of successfully completed stores during this stage, if any (please see para. 3 of M. of D. letter referred in para. I above), the remaining expenditure incurred in this stage will be treated as development expenditure.

Stage III.—During this stage, manufacture of a store on mass/batch production basis will be fully established and the tooling designed produced and modified during Stage II will be given a complete trial by carrying out quantity production of the store under development.

Little expenditure of development nature, if at all, should however, be incurred during this stage.

At the conclusion of this stage, the standard estimates which will be prepared at the termination of Stage II will be finalised.

The drawal of materials, booking of labour and other expenditure incurred during the three Stages will be carefully controlled and will be the specific responsibility of the Group/Divisional Officer of the Section/Sections concerned.

Segregation of Development Expenditure

In order to facilitate the segregation and subsequent absorption of development expenditure incurred during the development/establishment of manufacture of a particular store, it will be necessary to issue separate warrants for each stage development and will be suitably marked to indicate Development Stage I, Stage II and Stage III. The termination of a particular stage and the commencement of the following stage will be determined by the Superintendent. For this purpose, it will be necessary to decide and lay down the quantities/lots to be produced in different stages. In order to ensure that development expenditure is not unnecessarily inflated, it is essential that these quantities should be limited to the minimum numbers considered necessary for each stage of development. Wherever considered advisable/necessary, the Accounts Officers and Inspection Authorities may also be consulted in the matter. The D.G.O.F. may also indicate at the time of placing extracts, where feasible, the quantities which should be taken up for manufacture initially by the factories for development purpose before embarking on mass or bulk production.

Though an odd lot number may go through initially at Stage I (and possibly II), it may not be considered advisable to regard this as establishment of production for which the acceptance of a minimum quantity in inspection will generally be specified as a pre-requisite.

In order to ensure that the entire development expenditure is absorbed in cases where no repeat orders are likely to be forthcoming, suitable indicative enfacements will be made on the relevant Extracts and Warrants pertaining to outturn items.

9. All development warrants will be issued to the shops against 60 series of work orders to be specially opened in S.W.O. Part II. The work order number allotted for the development of a particular store should remain the same even when regular production is undertaken. For example, say Work Order serial for development 60, the regular production is to be under W. O. Serial 90 and the Work Order No. allotted for the item is 585, then the work orders will be operated as follows :—

60/00585/00—When under development.

90/00585/00—When under regular production.

This will facilitate easy identification of development expenditure/regular production expenditure.

Work order 01/00200/00 will not however be utilised for this purpose. It may be mentioned that only Dept. Experiments connected with the improvement in manufacturing technique, whether for Civil or Service Stores as opposed to the development/production of a particular store, are chargeable to this work order.

All development work will be carried out on the authority of warrants issued to the shops against the new W.Os. opened specifically for the purpose as stated above. These warrants will be allotted numbers in the usual manner. As the warrant Nos. allotted for later stages will be different from those for earlier stages, suitable link between the two is essential. In other words, the warrants issued for stage III must indicate a reference to the warrant for the same work in stages I and II. Similarly the warrant for stage II should give a link to the warrant No. under stage I.

10. The Accounts Officer will collect the expenditure incurred in developing a new item on separate cost cards for each stage of development. He will forward the cost cards to the Superintendent immediately after its completion, indicating the total expenditure for the latter's information. In order to enable the Accounts Officer to collect and furnish the details of expenditure incurred without difficulty and promptly at the termination of each stage, it is essential that the relevant accounting documents such as Manufacture and Material Warrants, Demand notes and Return notes etc., are transmitted to the Accounts Office *without any delay*. Similarly, the shop copies of relevant warrants will be completed and forwarded to the Accounts Officer immediately after the termination of each stage together with the details of the quantities manufactured and accepted.

11. It may be noted that the development expenditure will include full overheads of the respective manufacturing sections. It is therefore essential that the development work is always carried out in an appropriate/suitable group of sections. In the case of factories which have to carry out a great deal of development work involving manufacture of prototypes etc., if a separate section is formed for this type of work the overheads of this group will be completely absorbed by distribution over the development work done in this section. Suitable procedure for this purpose will be worked out in consultation with your Accounts Officer to ensure that the entire development expenditure is apportioned correctly to the development of different stores.

Absorption of Development Expenditure

12. After collection of development expenditure incurred in Stages I, II and III, the Superintendent in consultation with the Accounts Officer will arrive at the amount to be absorbed per Unit based on the *anticipated* production of the store in question, over a period of 7 years. Instructions contained in para. 5 of the Ministry of Defence letter referred above, will, however, be kept in view while working out the apportionment of development expenditure. It may be noted that the object is to absorb the entire development expenditure incurred at each stage within a maximum period of 7 years and for this purpose it will be necessary to *anticipate* the production of the stores in question over this period. As, however, changes are always likely to occur in regard to the quantities on order and/or quantities actually produced the rate of absorption of development expenditure should be reviewed by the Superintendents every year or earlier, if considered necessary, with a view to ensure that the entire development expenditure is extinguished within a reasonable period. If at any stage it is anticipated that the production of a particular store, as against earlier anticipation, is likely to be terminated abruptly, attempts should be made to absorb as much of the development expenditure as possible over the quantities which may still be produced before the complete cessation of production of the said store.

13. The following cases will invariably be reported to the DGOF with full details for his consideration and issue of necessary orders in consultation with the C.D.A. (Fys.) and D.F.A. (Fys) as indicated in Sub para. 2 of para. 5 of the Govt. letter—

(i) Amounts remaining unabsorbed due to abrupt termination of orders *vide* para. 12 above.

(ii) In the case of Civil Trade items if it is considered, that the rate of absorption of development charges is so high as to blight the prospects of marketing. In such cases the Superintendents should also indicate the extent to which development expenditure can be absorbed.

(iii) Whenever it is felt by the Superintendent that the instructions contained in para. 5 of the Govt. letter *viz*. absorption of development expenditure within a period of 7 years cannot be carried out without detriment to nature production of the developed items.

14. Apart from the instructions given above it is essential that rough estimates of expenditure should be prepared for each stage of development in order that the manufacturing and Development Sections have some guidance in this respect. This would, also enable the Superintendents to bring about an effective control of the expenditure incurred on development work and curb the general tendency of being liberal in incurring expenditure on this type of work. It is realised that the estimates in such cases will be only rough and will be in the nature of forecasts but it is felt that this is an essential step in maintaining the necessary control and under no circumstances should therefore these instructions be disregarded.

15. Will the Superintendents kindly acknowledge receipt of this letter and confirm that action as stated above is being taken in the matter ?

This issues with the concurrence of the C.D.A. (Fys) and D.F.A. (Fys.).

(Sd.) S. J. SHAHANEY,
D.D.G.O.F. (P),
for *Director General, Ordnance Factories.*

Copy to :

The Controller of Defence Accounts (Fys.), (25 copies),
9, Chittaranjan Avenue, Calcutta-13.

With reference to his u. o. No. SR/1128, dated 16th October, 1958.

All A. D. Gs.

All Production Sections. C/T, P/T and SP/C	For information and careful compliance with reference to para. 4 above.
The D.F.A. (Fys.), Calcutta	For information with reference to his u.o. No. 12281/OF, dated 16th September, 1958 to the CDA/Fys.

APPENDIX IX

(*Vide* Introduction)

Analysis of the action taken by Government on the Recommendations contained in the Sixty-eighth Report of the Estimates Committee (First Lok Sabha.)

1. Total number of recommendations made . . . 64

2. Recommendations accepted fully by Government (*Vide* Recommendations in Chapter II) :

Number	25
Percentage to total	39

3. Recommendations accepted by Government partly or with some modifications :

(*Vide* Recommendation Nos. 3, 4, 6, 11, 12, 13, 14, 16, 17, 21, 23, 27, 32, 38, 41, 42, 45, 46, 50, 53, 54, 55 and 59 in Chapter III).

Number	23
Percentage to total	36

4. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (*Vide* Recommendation Nos. 7, 10, 22, 48 and 57 in Chapter III) :

Number	5
Percentage to total	7·8

5. Recommendations replies to which have not been accepted by the Committee (*Vide* Recommendations in Chapter IV) :

Number	9
Percentage to total	14·1

6 Recommendations to which replies of Government have not been received (*Vide* Recommendations in Chapter V) :

Number	2
Percentage to total	3·1

GIPND—LS I—141 LS—29-4-59—1,600.

LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-1.

Agency No.	Name and address of the Agent
1.	Jain Book Agency, Connaught Place, New Delhi.
2.	Kitabistan, 17-A. Kamla Nehru Road, Allahabad.
3.	British Book Depot, 84, Hazratganj, Lucknow.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.
6.	H. Venkataramiah & Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore.
7.	International Book House, Main Road, Trivandrum.
8.	The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras—5.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.
10.	Book Centre, Opp. Patna College, Patna.
11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.
12.	The Cuttack Law Times Office, Cuttack-2.
13.	The New Book Depot, Connaught Place, New Delhi.
14.	The New Book Depot, 79, The Mall, Simla.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.
16.	Lok Milap, District Court Road, Bhavnagar.
17.	Reeves & Co., 29, Park Street, Calcutta-16.
18.	The New Book Depot, Modi No. 3, Nagpur.
19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.
20.	The English Book Store, 7-L, Connaught Circus, New Delhi.
21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.
22.	International Book House, Private Ltd., 9, Ash Lane, Bombay.
23.	Lakshmi Book Store, 42, M. M., Queensway, New Delhi.
24.	The Kalpana Publishers, Trichinopoly-3.
25.	S. K. Brothers, 15A/65, W.E.A., Karol Bagh, Delhi-5.
26.	The International Book Service, Deccan Gymkhana, Poona-4.
27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.
28.	City Book-sellers, Sohanganj Street, Delhi.
29.	The National Law House, Near Indore General Library, Indore.
30.	Charless Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.
31.	A. H. Wheeler & Co., (P) (Ltd.), 15, Elgin Road, Allahabad.
32.	M.S.R. Murthy & Co., Visakhapatnam.
33.	The Loyal Book Depot, Chhipi Tank, Meerut.
34.	The Goods Compansion, Baroda.
35.	University Publishers, Railway Road, Jullundur City.
36.	Students Stores, Raghunath Bazar, Jammu-Tawi.
37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.
38.	Allied Traders, Motia Park, Bhopal.
39.	E. M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitrai Street, Madura.
40.	Friends Book House, M. U., Aligarh.
41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.
42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.
43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.
44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.
45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.
46.	Hindustan Diary Publishers, Market Street, Secunderabad.
47.	Laxmi Narain Agarwal, Hospital Road, Agra.
48.	Law Book Co., Sardar Patel Marg, Allahabad.
49.	D. B. Taraporevala & Sons Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.
50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
51.	S. Krishnaswamy & Co., P.O. Teppakulam, Tiruchirapalli-1.
52.	Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
53(R).	M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi.
54(R.)	C. V. Venkitachala Iyer, Near Railway Station, Chalakudi. (S.I.)
55(R.)	The Chidambaram Provision Stores, Chidambaram.
56(R.)	K. M. Agarwal & Sons. Railway Book Stall, Udaipur (Rajasthan).
57(R.)	The Swadesamitran Ltd Mount Road, Madras-2.
58.	The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6.
59.	Azeez General Agency, 471, Tilak Road, Post Box No. 7, Tirupati.
60.	Current Book House Maruti Lane, Raghunath Dadaji Street, Bombay-1.
61.	Shri A. P. Jumbulingam, Trade Representative & Marketing Consultant, Prudential Bank Building, Rashtrapati Road, Secunderabad.
62.	K. J. Aseervadam & Sons, Cloughpet, P.O. Ongole, Guntur Distt. (Andhra).
63.	The New Order Book Co., Ellis Bridge, Ahmedabad-6.
64.	The Triveni Publishers, Masulipatnam.
65.	Deccan Book Stall, Fergusson College Road, Poona-4.
66.	Jayna Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi-5.
67.	'Bookland,' 663, Madar Gate, Ajmer (Rajasthan).
68.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
69.	Makkala Pustaka Press, Balamandira, Gandhinagar, Bangalore-9.
70.	Gandhi Samiriti Trust Bhavnagar.

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