

**ESTIMATES COMMITTEE  
1963-64**

**FORTIETH REPORT**

**(THIRD LOK SABHA)**

**MINISTRY OF STEEL, MINES AND HEAVY  
ENGINEERING**

**(Department of Mines and Metals)**

**Action taken by Government on the Recommendations  
contained in the Hundred and Fifty-sixth Report of  
the Estimates Committee (Second Lok Sabha) on the  
late Ministry of Mines and Fuel**

**NATIONAL MINERAL DEVELOPMENT CORPORATION LTD.,  
NEW DELHI**

**(Reports and Accounts)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**November, 1963/Agrahayana, 1885 (Saka)**

**Price : Re. 0.35 nP.**

# LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
<b>ANDHRA PRADESH</b>					
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<b>BIHAR</b>					
2.	'Jagriti' Bhagalpur-2	72	15.	Deccan Book Stall Ferguson College Road, Poona-4	65
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4.	The New Order Book Company, Ellis Bridge, Ahmedabad-6(S&R)	63	<b>MYSORE</b>		
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5.	The National Law House, Near Indore Library, Opp. Old High Court Building, Indore,	29	17.	Makkalapustaka Press, Balamandira, Gandhi Nagar, Bangalore-9	69
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10.	The International Book House, Private Ltd., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1	22	21.	Ekama Vidyabhaban, Eastern Tower, Room No. 3, Bhubaneswar-1.	55
11.	The International Book Service, Deccan Gymkhana, Poona-4.	26	<b>PUNJAB</b>		
12.	Charles Lambert and Company, 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay	30	22.	The English Book Depot, 78, Jhoke Road, Ferozepore Cantt.	74
13.	The Good Companions, Rasputra, Baroda.	34	<b>RAJASTHAN</b>		
			23.	Information Centre, Govt. of Rajasthan, Tripolia, Jaipur City, Rajasthan	38
			24.	K. M. Agarwal & Sons, Railway Book Stall, Udaipur	56
			<b>UTTAR PRADESH</b>		
			25.	Swastik Industrial Works, 59, Holi Street, Meerut City (U.P.)	2
			26.	A. H. Wheeler & Company, Private Limited 15, Elgin Road, Allahabad	31

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## **ESTIMATES COMMITTEE**

**1963-64**

### **CHAIRMAN**

**Shri Arun Chandra Guha**

### **MEMBERS**

2. Shri Joachim Alva
3. Shri D. Basumatari
4. Shri Brij Raj Singh
5. Shri Shree Narayan Das
6. H.H. Maharaja Pratap Keshari Deo
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22. Shri Tika Ram Paliwal
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24. Shri K. Rajaram
25. Shri Bishwanath Roy
26. Shri Rameshwar Sahu
27. Shri Diwan Chand Sharma
28. Shri Hari Charan Soy
29. Shri Tekur Subramanyam
30. Shri N. M. Wadiwa.

### **SECRETARIAT**

**Shri N. N. Mallya, Deputy Secretary.**

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\*Elected w.e.f. 16th August, 1963 *vice* Dr. K. L. Rao ceased to be a member of the committee on his appointment as a Minister.

## INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee, present this Fortieth Report of the Estimates Committee on the Action taken by Government on the recommendations contained in the Hundred and Fifty-sixth Report of the Estimates Committee (Second Lok Sabha) on the late Ministry of Mines and Fuel—National Mineral Development Corporation Ltd., New Delhi.

2. The Hundred and Fifty-sixth Report was presented to the Lok Sabha on the 23rd March, 1962. Government furnished their replies indicating the action taken on the recommendations contained in this Report between 11th September, 1962 and 19th March, 1963. The replies were examined by the Study Group 'F' of the Estimates Committee (1962-63) and Study Group 'E' of the Estimates Committee (1963-64) at their sittings held on the 8th December, 1962 and the 20th September, 1963 respectively. The draft report was adopted by the Committee on the 26th November, 1963.

3. The report has been divided into the following five Chapters:

I—Report.

II—Recommendations that have been accepted by Government.

III—Recommendations which the Committee do not desire to pursue in view of the Government's reply.

IV—Recommendations in respect of which replies of Government have not been accepted by the Committee.

V—Recommendations in respect of which final replies of the Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred and Fifty-sixth Report of the Estimates Committee (Second Lok Sabha) is given in the Appendix. It would be observed therefrom that out of 22 recommendations made in the Report, 59·1% have been accepted by Government and 22·7% of the recommendations the Committee do not desire to pursue in view of the Government's reply. Of the rest, replies of Government in respect of 9·1% of the recommendations have not been accepted by the Committee, while final replies to 9·1% of the recommendations are still awaited.

NEW DELHI;

*The 27th November, 1963.*  
*The 6th Agrahayana, 1885 (S).*

A. C. GUHA,

*Chairman,*  
*Estimates Committee.*

## CHAPTER I

### REPORT

In para 23 of their 156th Report (Second Lok Sabha) on National Mineral Development Corporation Ltd., New Delhi, the Committee had noted that there were indications of variations between the original estimates for civil works and purchase of machinery and equipment of the Kiriburu Project and anticipated expenditure thereon. It was stated that variations were both ways and any unexpected increase in the capital outlay could well be met from the provision under the contingencies amounting to Rs. 41·20 lakhs. In para 24 of the above Report, it was further noted that there had been a delay of about 6 to 8 months in the construction work, procurement of Plant and Machinery etc., for this Project. But the Chairman of the Corporation in his evidence had emphasised that this delay would not result in any increase in the estimated cost of the project except to the extent of interest charges on deferred payments. The Committee expressed surprise on this assurance, because in the past delays had partly contributed to the increase in the cost of projects like Steel Plants and Neyveli Lignite Corporation. They, however, expressed a hope that efforts would be made to keep the costs of the Project to the minimum, at any rate within the original estimates.

2. In reply, the Government have now stated that the result of latest examination had shown that partly due to the increase in the number of mining benches with consequent additional work (necessitating some additional capital equipment) and partly due to non-availability of suitable contractors to execute important items of work, such as construction of crushing plant, service centre, quarters, etc. except at rates higher than those estimated, there would be some increase in the capital cost of the Project. The revised cost has now been estimated by the Corporation at Rs. 11·00 crores, against the original estimates amounting to Rs. 9·06 crores.

3. Upward revision of estimates not only affects adversely the economy of the projects concerned but also tends to disturb the overall planning in the country. The Committee are, therefore, concerned at the increase of about Rs. 2 crores (from Rs. 9·06 crores to Rs. 11 crores) in the estimated cost of the Kiriburu Project, i.e., 21 per cent, particularly when they were assured that there would be no increase in the estimates and anticipated expenditure or due to delays. They feel that the increase on account of additional capital equipment as a result of increase in the number of mining benches would constitute a small amount and in any case could have been covered by the amount of contingencies provided in the original estimates. *The Committee have a feeling that the increase in cost is mainly due to lack of accurate estimating, planning and control over expenditure. They hope that the revised estimates would be thoroughly scrutinized and brought down to the barest minimum.*

4. In para 28 of their Report, the Committee had noted that out of the total cost of Rs. 375 lakhs for the purchase of plant and machinery for the Kiriburu Project, plant and machinery worth Rs. 22 lakhs only (i.e. about 6%) had been procured from indigenous

sources. In para 29, the Committee also noted that imports were resorted to only in cases where equipment was not available from indigenous sources. It was stated that before orders were placed abroad, the Development Wing of Commerce and Industry Ministry was invariably consulted and their clearance as also the clearance from the Ministry of Finance from the foreign exchange angle obtained.

5. In para 30, the Committee observed that with a view to promote the manufacture of indigenous plant and machinery required by the various public undertakings, it was essential to have long-term planning. Since the Corporation was responsible for the commissioning and operation of four other projects which were estimated to cost about Rs. 27 crores, and more of such projects might come to be assigned to the Corporation in future, a large amount of plant and machinery costing several crores of rupees was expected to be required by it. The Committee, therefore, recommended that the Corporation should endeavour to intimate its requirements of plant and machinery etc. for these projects to the Development Wing of the Ministry of Commerce and Industry and Heavy Engineering Corporation and allied engineering works sufficiently in advance so that efforts might be made to manufacture as much of machinery as possible indigenously thereby effecting substantial savings in foreign exchange.

6. In reply, the Government have stated that most of the plant and equipment required for the Kiriburu Project had already been obtained, but in respect of the Khetri Copper Project and the Bailadila Iron Ore Project, the Corporation had furnished to the Heavy Engineering Corporation the details of the equipment that might be required for the same, with a view to enabling the latter to take up their manufacture, if possible, in time to meet the requirements of these projects, which were expected to go into production in 1966. As regards the Panna Diamond Project, the Government have stated that the plant for Majhgawan Mine being an integrated one, the responsibility for the supply and erection would have to be on a single supplier, but the possibilities of maximising the indigenous content were being kept in view.

7. *The Committee are not satisfied with the reply of the Government. The reply indicates that if the Heavy Engineering Corporation is unable to supply in time the equipment for the Khetri Copper Project and the Bailadila Iron Ore project for which orders had been placed, the Corporation (N.M.D.C.) shall have to resort to import of foreign equipments. The same thing will apply in the case of other equipments required for the projects. The underlying idea behind the Committee's recommendation was that there should be long-term planning in such matters. The Committee feel that the Corporation should keep the Department of Technical Development informed of their requirements of plant and machinery sufficiently in advance. A close and continuous watch should be kept regarding the progress in the manufacture of the required equipments. If any delay is anticipated, the Corporation in consultation with the Department of Technical Development, may tap other sources so that efforts could be made beforehand to obtain the equipments in time. The Committee would like to reiterate their earlier recommendation for a long-term planning for the projects in hand and those that may be taken up by the Corporation in the near future so that resort to import of equipments due to non-availability of indigenous equipment in time is eliminated or at least reduced.*

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation (Serial No. 3)

Obviously an official, who is a director on the Boards of a large number of public undertakings, cannot discharge his functions on all the bodies effectively and efficiently, in addition to performing his normal secretarial duties. Similar situation has been noticed in the case of other public undertakings also. The Committee are, however, glad to note that Government have recently taken a decision that 'no officer who is also assigned ordinary Secretariat duties should be appointed Director in more than 3 or 4 Companies at the maximum. Finance Officers should be selected as Directors only from such officers, who though working in the Ministry will not be overburdened with other duties and will devote mainly to serving as Directors of Public Undertakings'. They hope that these decisions will be implemented at an early date. (Paragraph 8).

#### Reply of the Government

These recommendations are being implemented.

[Ministry of Commerce and Industry O.M. No. Pr. C. 16(7)/62  
dt. 18-10-1962].

#### Recommendation (Serial No. 4)

The Committee suggest that one of the considerations in making appointments of officials or non-officials to the Board of Public Undertakings should be aptitudes and special qualifications and experience in that particular field so that they could be of real use and assistance to the undertaking. (Paragraph 10).

#### Reply of the Government

Government accept this suggestion.

[Ministry of Commerce and Industry O.M. No. Pr. C. 16(7)/62  
dt. 18-10-1962].

#### Recommendation (Serial No. 5)

The Committee hope that regular Service and Recruitment rules would be finalised as early as possible. (Paragraph 11).

#### Reply of the Government

The Service regulations of the Corporation have been revised and brought up-to-date. The revised regulations have been brought into



force from 20th February 1962. The revised service regulations cover all aspects relating to terms and conditions of service of employees of the Corporation. These regulations provide, *inter alia*, for the framing of recruitment rules with respect to posts which are brought within the purview of central cadre schemes for the Corporation as a whole. Proposals with respect to the formulation of such central cadre schemes and for framing of the recruitment rules are being worked out and it is expected that the cadre schemes and recruitment rules would be finalised shortly.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 19-10-62].

**Recommendation (Serial No. 6)**

The Committee regret to note that so far no model rules governing the Service conditions and recruitment procedures for the employees of public undertakings have been laid down by Government. They recommend that with a view to achieving some kind of uniformity in the public undertakings Government should formulate a set of Model Service and Recruitment Rules indicating the basic scales of pay for different categories of posts for adoption with suitable modifications by all the public undertakings. (Paragraph 12).

**Reply of the Government**

It is the policy of Government of India that the public sector undertakings should function as autonomous bodies. Accordingly, Government have circulated for the guidance of the undertakings a note containing the broad principles to be followed in making recruitments. While keeping in view these principles the Boards of these undertakings are free to adopt procedures suitable to the circumstances and conditions in their units. A copy of the said note was placed on the Table of the House in reply to Starred Question No. 1520 answered on the 14th April, 1961. The finalisation of model rules for the guidance of the public sector undertakings is still under consideration of the Ministry of Commerce and Industry.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 21-11-1962].

"...the implementation of the recommendation No. 6 regarding model recruitment rules for the Public Sector Undertakings is concerned, it may be stated that the matter is still under consideration of Govt....".

[Ministry of Commerce and Industry O.M. No. Pr. C. 16(10)/62 dt. 19-3-1963].

**Recommendation (Serial No. 9)**

Regarding the experience of the Consultants, it was stated that the Japan Consulting Institute was constituted recently and had no previous experience of serving as Consultants to any mining project, but its principal employees had developed large scale iron ore mines in other countries. The Committee were further informed that by virtue of the 'know how' available with the institute, it should be possible for them to accomplish this job. The Committee hope that

**the Consultants for the Kiriburu Iron Ore Project would prove equal to the task undertaken by them. (Paragraph 19).**

**Reply of the Government**

**Noted.**

**[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].**

**Recommendation (Serial No. 10)**

**In regard to Bailadila Iron Ore Project or the Deribo Copper Project, the Corporation does not intend to engage any foreign firms for rendering consultancy services. The Committee are glad to note that steps to develop consultancy services in this field, which is likely to enlarge considerably in future, are being taken by the Corporation. They hope that their services would be available to other like projects also in future. (Paragraph 20).**

**Reply of the Government**

**Noted.**

**[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].**

**Recommendation (Serial No. 11)**

**The Committee suggest that to avoid any misunderstanding the classification of the various items in the estimates should be made under proper 'heads' (Paragraph 22).**

**Reply of the Government**

**The accounts classification of capital expenditure relating to Development Expenses (survey and exploration), has already been finalised by the Corporation and has been introduced in the projects under the Corporation. The classification for the remaining items of capital expenditure has also been worked out and is under discussion between the Corporation and the Company auditors. The classification will be introduced as soon as it is finalised.**

**[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 19-10-62].**

**Recommendation (Serial No. 13)**

**While the Committee appreciate the assurance given by the representative of the Corporation that they would be in a position to meet the export demand to Japan from the beginning of the year 1964 as originally stipulated, they would nevertheless urge that constant watch should be kept on the revised time and action schedules for the various operations so that they are completed by the target dates now fixed. (Paragraph 25).**

**Reply of the Government**

**This is being done. A detailed time-schedule has been drawn up already, for each component item of work at the Kiriburu Project.**

The quantitative performance is continually watched against the targets laid down. It is expected that, notwithstanding the delay that has occurred in the past, it should be possible to complete the construction phase of the project in such a way that production, of the order required to meet the export commitment to Japan, would commence before January, 1964.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].

#### *Recommendation (Serial No. 14)*

It is really surprising that while in Britain sintering is widely used for a long time and in 1953 the output of sinter amounted to 24 per cent of the total ore of 20 million tons consumed there, no thought was given to the utilisation of iron ore fines in the country till very recently.

If the production of fines at Kiriburu (i.e., 40 per cent of the total run of mine ore) is any guide, it would appear that in addition to the present production of 10.5 million tons of iron ore which is in lumps, seven million tons of ores would approximately be produced in the shape of fines annually. That such an amount of mineral wealth remained unutilised and allowed to go to waste is most regrettable. The Committee recommend that Government should at least now take immediate and effective measures to ensure that sintering is invariably provided for the utilisation of iron ore fines so as to avoid the waste of national wealth. (Paragraph 26-27).

#### *Reply of the Government*

Government is aware of the problem and is contemplating the economic utilisation of the iron ore fines. Sintering is the most common process used elsewhere; in this country, sintering plants have already been installed in the Steel Plants at Jamshedpur, Bhadravati and Bhilai; a sintering plant has already been ordered for Rourkela; sintering is also contemplated for Durgapur and in the proposed Bokaro Steel Plant. Detailed laboratory tests are also in progress in the National Metallurgical Laboratory as well as in the Indian Bureau of Mines, in respect of the characteristics of the ores from the particular large mines and to test the economics not only of sintering but also of other methods such as briquetting and pelletising.

2. The above studies will also reveal the economic feasibility of exporting fines, after treatment.

3. So far as Kiriburu Project is concerned, it is also contemplated to set up a beneficiation plant at the mines site for utilisation of the iron ore fines.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV dt. 19-10-63].

**Recommendation (Serial No. 17)**

*The Committee deplore that there has been a delay of about one year in the initial stage of exploration and prospecting work in regard to the Bailadila Iron Ore Project. They hope that a detailed time and action schedule for all further processes involved in the completion of this project would be drawn up at an early date and it would be ensured that the mines are commissioned well in advance of the schedule for supplies of iron ore to Japan. (Paragraphs 34-35).*

**Reply of the Government**

1. The Bailadila iron ore reserves consist of at least fourteen distinct deposits. In the first instance, investigation of two of the deposits was taken up (by the Indian Bureau of Mines on behalf of the National Mineral Development Corporation Ltd.). The field investigation work on one of these deposits has been completed; this investigation report by Indian Bureau of Mines is expected to be ready by October, 1962. The field investigation of the other deposit has reached an advanced stage and the report thereof is expected to be available by December, 1962 from Indian Bureau of Mines.

2. It is also proposed to take up the field investigation soon on two or three more deposits. The field investigation report on one of them is expected to become available by June, 1963 from Indian Bureau of Mines.

3. Separate project reports (which will also contain detailed action and time schedule for the various phases of work involved in exploiting the particular deposit) on each of these deposits will be prepared by the Corporation within a period of about six months from the receipt of each of the field investigation reports.

4. Taking into account the accelerated progress contemplated in respect of the field investigation of the deposits and preparation of the outline project reports, it is still expected that the over-all time schedule (for the export of 4 million tons of iron ore to Japan from the middle of the year 1966) will be adhered to.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 19-10-62].

**Recommendation (Serial No. 18).**

*The Committee hope that every effort will be made by the Corporation to ensure the timely completion of the Panna Diamond Mining Project so as to facilitate the attainment of the production target of 90,000 carats by 1963. (Paragraph 39).*

**Reply of the Government**

All possible steps are being taken to ensure the setting up of a production capacity of the order of 90,000 carats per annum by the end of 1963. The Ramkherya and the Majhgawan mines, as already sanctioned, would together give a production of 42,500 carats per annum; in addition, second shift working at the Maiheawan mine

for the production of 30,000 carats per annum has also been approved. For bridging the gap of the order of 17,500 carats per annum, projection of a third mine is under contemplation, subject to feasibility, based on the results of the further exploration and prospecting which is currently in hand in the conglomerate area.

Procurement action for the plant and equipment for the Ramkherya and Majhgawan projects has already been initiated.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].

#### Recommendation (Serial No. 21)

*The Committee hope that every effort will be made to complete these Copper Projects in accordance with the time schedule as the delays in such cases invariably increase the estimated cost of the Project. In this context it may be pertinent to remark that as far back as 1952, the International Materials Conference classified Copper as a scarce material. There is little doubt, therefore, that there will always be a demand in the international market for this scarce material. The Committee would urge intensive prospecting for Copper and exploitation of the Ore by the Corporation with a view to meet the international demand at least. (Paragraph 44).*

#### Reply of the Government

Necessary steps are being taken to ensure the completion of the Khetri project as early as possible. Government have approved the project report submitted by the Consultants as required under Phase I of the agreement with the Consultants. Action has since been initiated by the Consultants to implement the Phase II of the agreement, viz., preparation of designs, and detailed engineering drawings and specifications.

2. The original proposal included in the III Plan was to have, at Khetri, a copper mine capable of producing 10,000 tons of electrolytic copper per annum. The Consultants have, however, recommended the setting up of a plant capable of producing 21,000 metric tons of electrolytic copper per annum. The cut-off grade of copper ore, which was earlier taken at 1.6% by the Indian Bureau of Mines, has now been reduced to 1%, thus ensuring the maximum possible use of the ore reserves that would be available in that area. The Government have approved of the scheme.

3. A programme for intensive investigation of copper deposits in the country by the Geological Survey of India and Indian Bureau of Mines has been drawn up and is being implemented. The National Mineral Development Corporation is mainly concerned with the commercial exploitation of the deposits after a specific project has been entrusted to them by the Government. The Government have noted the recommendation of the Committee and every effort is being made to increase internal production of copper.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].

**Recommendation (Serial No. 22)**

The Committee feel that frequent revisions of capital structure of the public undertakings having regard to specific targets of production are not desirable as such revisions appear to indicate lack of proper planning. They desire to suggest that the role of the Corporation may be carefully assessed from time to time and suitable provision made having regard to the projects entrusted to it and the targets expected to be achieved and avoid too frequent a revision in the capital structure for the projects thus planned. (Paragraphs 45—47).

**Reply of the Government**

The present authorised capital of the National Mineral Development Corporation Ltd., is Rs. 15 crores. Necessary action would be taken at the appropriate time to increase the authorised capital of the Corporation to a suitable level related to its total requirements.

2. In the case of this Corporation, as new projects may continue to be assigned from time to time, it may be difficult to ensure that the figure of capital requirements is not revised at times. The recommendation of the Estimates Committee that the revision should not be far too frequent has, however, been noted and will be kept in view.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 19-10-1962].

### CHAPTER III

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

##### *Recommendation (Serial No. 1)*

*The Committee feel that existence of different agencies for a like function, viz., the development and exploitation of iron ore, is neither conducive to economy nor to efficiency. A single Corporation has obvious advantages of pooling of resources, technical skill, experience, plant and machinery, research and training, etc. The Committee, therefore, recommend that Government may consider the feasibility of having only one Corporation for the mining of iron ore in the public sector. (Paragraph 6).*

##### *Reply of the Government*

The recommendation has been carefully examined by Government. Even before the National Mineral Development Corporation had been constituted, Hindustan Steel Limited had already started operations at Dalli-Rajhara and Barsua, as captive iron-ore mines for the Bhilai and Rourkela Steel Plants respectively. Bolani Ores Limited was set up subsequently but there the previous lessee was involved, who continues now as minority shareholder in the said new Company. All these three mines are at present being further developed to meet the additional requirements during the Third Plan period arising out of the expansion of the Bhilai, Rourkela, and Durgapur Steel Plants. Any single new organisation, even if it be the National Mineral Development Corporation, will take some time to acquire necessary familiarity with these particular mines before it can go ahead with the same speed with the said development of these mines. The National Mineral Development Corporation is itself engaged in the final stages of work leading to opening of its own first mine, at Kiriburu from 1964, apart from the mines to be opened in Bailadila for export from 1966 and the Meghahatuburu mine adjoining the Kiriburu mine, that is likely to be opened to feed the proposed Bokaro Steel Plant. Under these circumstances, purely for practical reasons Government have decided that the working of all these mines, by the respective organisations under which they are at present, may be watched for some more time—so that a final decision on the implementation of this important recommendation can be taken later, say, in the Fourth Plan.

*[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].*

##### *Recommendation (Serial No. 2)*

*The Committee feel that since the National Mineral Development Corporation has been entrusted with the execution of a number*

of projects it may be desirable to consider the appointment of more full time directors in course of time when the magnitude of operations increase so that they may be able to give exclusive attention to the affairs of the Corporation. These Directors could also be entrusted with the responsibility of certain Division e.g., Planning Projects, Administration and Establishment and Finance and Accounts Divisions. (Paragraph 8).

#### Reply of the Government

As observed by the Committee, actual requirements will need to be reviewed from time to time as work increases. The Board already includes two whole-time persons as Directors, one, who is also the Chairman, is at headquarters; the other is the General Manager of the Kiriburu Iron Ore Project. The Corporation itself has expressed against any more being added at the present.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].

#### Recommendation (Serial No. 16)

The Committee feel that since transportation and communications are subjects of vital importance to the prosperity of the Kiriburu Project, it is very desirable that programme of laying the Railway lines should be completed by the time the Project goes into production. They also recommend that an early decision should be taken by the Government on the proposal of Railway Board in the matter of bearing the entire capital and maintenance cost of the Railway line from Karampada to Kiriburu. (Paragraph 33).

#### Reply of the Government

It is expected that the construction of both the two new railway lines, Sambalpur-Titilagarh and Bimlagarh-Kiriburu will be completed before June, 1963; the export of iron ore to Japan from Kiriburu is to commence from the beginning of 1964.

The question of apportionment of cost of construction of Karampada-Kiriburu line is still under consideration; that question has, however, not affected the progress of the construction of the line.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 19-10-1962].

#### Recommendation (Serial No. 19)

It is difficult to appreciate why there should have been such an under-estimate of the financial provision in the Third Plan over the actual requirements therefor to reach the original target of 90,000 carats. It needs no reiteration that the original estimates should have been prepared realistically. (Paragraph 40).

#### Reply of the Government

The provision of Rs. 1.5 crores in the Third Plan for the production of 90,000 carats of diamonds per annum was tentative, the estimates having been made at a time when no prospecting had been done in that area.



2. Further, an allocation of Rs. 35 lakhs had been made in the Second Plan for exploration of the diamond belt at Panna; some of the equipment that was to be purchased out of that allocation, would have been available for exploitation work and note had been taken of this while framing the tentative financial estimate of Rs. 1.5 crores for the Third Plan. Contrary to expectations, however, that allocation of Rs. 35 lakhs could be utilised only to the extent of Rs. 8 lakhs within the period of the Second Plan.

3. The cost of the Ramkherya and Maghgawan schemes (with a second shift in Majhgawan mine) is now estimated at Rs. 1.66 crores to produce 72,500 carats of diamonds per annum. It is proposed also to open a third mine, depending on the results of the prospecting work, to produce an additional quantity of about 25,000 carats per annum; the cost of that third mine is roughly estimated at rupees one crore.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].

#### *Recommendation (Serial No. 20)*

*The Committee are well aware of the special skill necessary for quality cutting of diamonds but all the same would emphasise the desirability of creating adequate capacity in the country for cutting and polishing the diamonds produced by the Corporation. They hope that an early decision would be taken in the matter so that there would be no difficulty in getting the diamonds cut when production in the mines reached its full capacity. (Paragraph 41).*

#### *Reply of the Government*

Sustained efforts have been made by the National Mineral Development Corporation to collect reliable statistics regarding the capacity of the indigenous industry for cutting and polishing of diamonds; but so far they have not been able to assemble any conclusive data. The question is, however, under study and every effort will be made to see that there is no shortfall in the capacity of cutting and polishing of diamonds when large scale production commences at the Corporation's diamond mines. If, notwithstanding all efforts in this direction, the requisite capacity is not created, there would be little difficulty in selling the surplus production abroad; that will also earn valuable foreign exchange.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].

#### *Further information desired by the study group.*

..... Detailed note about the efforts made by Government to collect reliable statistics regarding the capacity of the indigenous industry for cutting and polishing of diamonds and the difficulties faced in assembling the conclusive data may be furnished.

[L.S.S. O.M. No. 22-64/62, dt., 11th December 1962]

#### *Further reply of Government.*

Efforts have been made to collect reliable statistics regarding the capacity of indigenous cutting and polishing industry from various sources but we have not been able to get sufficient useful data so far. The Journal of Industrial Diamonds says that there are about 75 diamond cutting factories in India each employing 50

to 20 workers but they failed to furnish us with a list of these factories. Diamond cutting and polishing is done mostly by cottage units at Navsari (Bombay), Surat, Bombay City, Varanasi, Panna and Jaipur and that too with hand tools. There are only two establishments in Bombay City viz. the Diamond Corporation Ltd. and H. S. Shah Ltd., who are using power operated appliances. Bombay City is perhaps the only centre in India where diamonds are sawn. There are some 20 diamond cutting and polishing establishments in Bombay employing about 120 workers of whom 10 are sawers, 35 shapers and 75 polishers. Navsari is another important centre for diamond cutting and polishing. There are 45 establishments equipped with eighty faceting and polishing machines. Diamonds are also cut at Panna, Varanasi, Calcutta, Madras City and Karaikudi. Cutting of synthetic diamonds is carried out at Jaipur and polishing thereof at Tiruchirapalli (Madras State).

2. Considerable quantities of uncut gems are imported in India, while mostly cut gems are exported. Imposition of restrictions on imports of cut and polished diamonds in the country gave an impetus to the Industry through import of rough diamonds. The indigenous diamond tool manufacturers are importing their industrial diamonds from U.K., U.S.A., Belgium, France, Holland and Australia. The table below shows the value of import of uncut diamonds in India for the years 1957 to 1962.

Year	Value	
	Rs.	
1957	11,88,612	
1958	8,89,111	
1959	6,07,634	
1960	10,36,422	
1961	3,51,522	Provisional
1962	8,80,054	

3. According to the Bombay Diamond Merchants' Association, the diamond cutting and polishing industry has a bright future. But no reliable statistics of the present capacity as well as the anticipated capacity of this indigenous production after 5 years or so could be furnished by any authentic source. The main difficulties in arriving at any conclusion on the capacity of this industry, are detailed below:

- (1) No register of the establishments engaged in diamond cutting and polishing industry in India is available at the moment;
- (2) The Diamond Associations have no idea of the capacity of their members for cutting and polishing of diamonds;
- (3) The number of family units engaged in this industry from generations are not available.
- (4) The number of smuggled uncut diamonds is quite high. As such, it is not possible to estimate the number of

diamonds cut and polished from the production and import/export.

4. Further attempts are being made to collect data on this subject, as far as possible, from individuals, Diamond Associations and Co-operatives etc.

[Ministry of Mines and Fuel O.M. No. 19(17)/63-MIV, dt, 27-4-1963].

## CHAPTER IV

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

#### *Recommendation (Serial No. 12)*

*The Committee are rather surprised to learn that there would be no rise in the estimated cost of this project due to the delay of about 6 to 8 months while in the past delays have partly contributed to the increase in the cost of project like Steel Plants and Neyveli Lignite Corporation. It appears that there was sufficient 'cushion' in the original estimates of the Project to cover up any increased cost. The Committee, however, hope that efforts would be made to keep the costs of the Projects to the minimum at any rate within the original estimates. (Paragraph 24).*

#### *Reply of the Government*

The position is being watched continuously. The delay of 6-8 months that had taken place in the placement of orders of plant and machinery, is not going to have any noticeable effect on the capital cost of the project.

The latest examination, however, shows that, partly due to increase in the number of mining benches with consequent additional work (necessitating some additional capital equipment) and partly due to the fact that despite invitation of open tenders on a competitive basis and despite the Corporation's best efforts, it has not been possible to get suitable contractors to execute important items of work (such as construction of crushing plant, construction of service centre, construction of quarters etc.) except at rates higher than those estimated, there will be some increase in the capital cost of the Kiriburu Project. The position is currently under the detailed scrutiny of the Kiriburu Project authorities.

*[Ministry of Mines and Fuel O.M. No. 19(17)/62-MIV, dt. 11-9-1962].*

#### *Further information desired by the Study Group*

*"... amount of estimated increase in the cost of the Project may be furnished."*

*[L.S.S. O.M. No. 22-64/62, dt. 11th December, 1962]*

#### *Further reply of Government.*

*"... Regarding recommendation No. 12, the NMDC has estimated the revised cost of the Kiriburu Iron Ore Project at Rs. 11.00 crores. The proposal is under consideration....."*

*[Ministry of Mines and Fuel O.M. No. 19(17)/62-MIV, dt. 23-1-1963].*

#### *Comments of the Committee*

*Please see paras 1 to 3 of Chapter I.*

#### *Recommendation (Serial No. 15)*

*The procurement of plant and machinery from indigenous sources to the extent of 6 per cent only for this project is very low.*

The Committee feel that with a view to promote the manufacture of indigenous plant and machinery required by the various undertakings it is very essential to have long term planning. Since the National Mineral Development Corporation Ltd. is responsible for the commissioning and operation of four other projects viz. Balladila Iron Ore Project, Panna Diamond Mining Project, Khetri and Daribo Copper Projects, which are estimated to cost about Rs. 27 crores, and more of such projects may come to be assigned to the Corporation in future, a large amount of Plant and Machinery costing several crores of Rupees would be required by it. The Committee recommend that the Corporation should endeavour to intimate its requirements of Plant and Machinery etc. for these projects to the Development Wing of the Ministry of Commerce and Industry and Heavy Engineering Corporation Ranchi and allied engineering works sufficiently in advance so that efforts may be made to manufacture as much of machinery as possible indigenously thereby effecting substantial savings in foreign exchange. (Paragraph 30).

#### *Reply of the Government*

The possibilities of procuring plant and machinery required for the various projects assigned to the National Mineral Development Corporation from indigenous sources are being continuously examined in consultation with the Heavy Engineering Corporation and the Director General Ordnance Factories. It is understood that the Heavy Machinery Building Plant of the Heavy Engineering Corporation, at Ranchi would be ready only by the fourth quarter of 1964. Most of the plant and equipment required for the Kiriburu Project have already been obtained and the project is expected to commence trial production by September-October, 1963. In respect of the Khetri Copper Project and the Bailadila Iron Ore Project (which are the two biggest projects), the Corporation has furnished to the Heavy Engineering Corporation the details of the equipment that may be required for the same, with a view to enabling the latter to take up their manufacture, if possible, in time to meet the requirements of these projects, which are expected to go into production in 1966. The Corporation has already placed orders with the Director General, Ordnance Factories for procurement of Crawler tractors, bulldozers etc.

2. As regards the Panna Diamond Project, one of the mines is expected to commence production 1964, the other mine at Majhgawan in 1965. The plant for Majhgawan mine being an integrated one, the responsibility for the supply and erection will have to be on a single supplier, but the possibilities of maximising the indigenous content are being kept in view.

3. As regards reference to the Development Wing (now Department of Technical Development) it may be mentioned that an approach is invariably made to them for clearances for import of plant and equipment from the indigenous production angle. Wherever likely indigenous sources of production are indicated by the Depart

ment of Technical Development, fullest efforts are made to obtain the supplies from the sources indicated.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt 31-7-1963].

*Comments of the Committee*

*Please see paras 4 to 7 of Chapter I.*

## CHAPTER V

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

#### *Recommendation (Serial No. 7)*

*The Committee regret the present tendency of each public undertaking to start own training schemes without coordinating its requirements of training with those of other public undertakings functioning broadly in the same field of technology. They feel that it would contribute to a substantial economy of expenditure and effort if integrated training schemes for all public undertakings dealing with a particular or allied industry are formulated and organised on a common basis. The Committee suggest that the feasibility of organising such training schemes may be examined by Government at an early date. (Paragraph 15).*

#### *Reply of the Government*

The feasibility of organising integrated schemes for all public sector undertakings at one place is under examination of the Ministry of Commerce and Industry. Their Projects Coordination Committee had already appointed two Sub-Committees to look into (i) training of technical personnel (appointed at the fifth meeting of the Projects Coordination Committee) and (ii) the training of Managerial Personnel in the Public Sector Undertakings (appointed at the seventh meeting of the Projects Coordination Committee). Both these Sub-Committees have obtained the data they had called for, which are now being scrutinised by them. The recommendation of the Estimates Committee regarding the integrated training schemes has also been brought to the notice of these Sub-Committees. On the receipt of the Reports from these Sub-Committees, the question of implementation of the recommendation will be finalised by the Ministry of Commerce and Industry in consultation with the employing Ministries of the Government of India.

*[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV. dt. 19-10-62].*

As regards the implementation of the recommendation No. 7 regarding integrated training scheme for the technical personnel in the public sector undertakings is concerned, it may be stated that consequent upon creation of a Committee to review the existing plans and programmes for training of technical personnel *vide* Ministry of Home Affairs Resolution No. 74/40/62-MP, dated the 5th and the 19th November 1962, the whole question of training of technical personnel is being examined now by the Ministry of Home Affairs. It may also be stated that the following two Sub-Committees were appointed by the Ministry of Commerce and Industry to look into the question of training of technical and managerial personnel respectively in the Public Sector Undertakings:—

- (i) Sub-Committee under the chairmanship of Shri J. M. Srinagesh (former Chairman, Hindustan Steel Ltd.) to

examine the question of training of technical personnel in the Public Sector Undertakings appointed at the 5th meeting of the Projects Coordination Committee held on the 21st September, 1960. The Sub-Committee has since ceased to function as the data collected by the Sub-Committee have been passed on to the Man-power Directorate, Ministry of Home Affairs, for further action in the matter.

- (ii) Sub-Committee under the chairmanship of Shri K. B. Mathur (Chairman, Heavy Electricals (India) Ltd., New Delhi) to examine the question of training of managerial personnel in the Public Sector Undertakings appointed at the 7th meeting of the Projects Coordination Committee held on the 25th September, 1961. The Sub-Committee has been advised to submit the report to the Man-power Directorate, Ministry of Home Affairs.

In the above circumstances, the Ministry of Home Affairs are being requested to take into consideration the recommendation No. 7 contained in the 156th Report of the Estimates Committee while framing training programme for technical personnel.

[Ministry of Commerce and Industry O.M. No. Pr. C. 16(10)/62 dt. 19-3-63].

#### *Comments of the Committee*

*The Committee would like to be informed in due course of the decisions taken in these matters.*

#### *Recommendation (Serial No. 8)*

*While the Committee agree that persons should not be recruited much in advance of their requirements, they consider it necessary that there should be forward planning in this respect so that a clear picture regarding the number and categories of personnel required, courses of training to be given to them and the places of such training etc. are available well in advance. On the basis of such a plan a phased programme for their training in appropriate institutes abroad could be formulated so as to ensure that they are available to man the mines when they go into production (Paragraph 17).*

#### *Reply of the Government*

Reply to recommendation No. 8 is still under examination and will be sent as early as possible.

[Ministry of Mines & Fuel O.M. No. 19(17)/62-MIV, dt. 31-7-1963].

#### *Comments of the Committee*

*Final decision when arrived at may be intimated.*

NEW DELHI;  
The 27th November, 1963.  
The 6th Agrahayana, 1885 (S).

A. C. GUHA,  
Chairman,  
Estimates Committee.



## APPENDIX

(Vide Introduction)

*Analysis of the action taken by Government on the recommendations contained in the 156th Report of the Estimates Committee (Second Lok Sabha).*

I. Total Number of Recommendations made	22
II. Recommendations that have been accepted by Government ( <i>vide</i> recommendation Nos. 3, 4, 5, 6, 9, 10, 11, 13, 14, 17, 18, 21 and 22 referred to in Chapter II) :	
Number	13
Percentage to total	59.1%
III. Recommendations which the Committee do not desire to pursue in view of Government's reply ( <i>vide</i> recommendation Nos. 1, 2, 16, 19 and 20 referred to in Chapter III) :	
Number	5
Percentage to total	22.7%
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee ( <i>vide</i> recommendation Nos. 12 and 15 referred to in Chapter IV) :	
Number	2
Percentage to total	9.1%
V. Recommendations in respect of which final replies of the Government are still awaited ( <i>vide</i> recommendation Nos. 7 and 8 referred to in Chapter V) :	
Number	2
Percentage to total	9.1%

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
27.	Law Book Company Sardar Patel Marg, Allahabad-1	48	42.	Kitab Mahal (W. D.) Private Ltd., 28, Faiz Bazar, Delhi	25
28.	Goel Traders, 100C, New Mandi, Muzaffar- nagar	84	43.	Bahri Brothers, 188, Lajpat Rai Market, Delhi 6	27
29.	B. S. Jain & Company, 71, Ahupura, Muzaffar- nagar		44.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi	66
WEST BENGAL			45.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1	68
30.	M. C. Sarkar & Sons, (Private) Limited 14, Bankim Chatterjee, Street, Calcutta-12	42	46.	People's Publishing House, Rani Jhansi Road, New Delhi	76
31.	W. Newman & Company Limited, 3, Old Court House Street, Calcutta	44	47.	Mehra Brothers, 50-G, Kalkaji, New Delhi-19	85
32.	Thacker Spink & Com- pany (1933) Private] Ltd., 3, Esplanade, East, Calcutta-1.	45	48.	Dhanwantra Medical & Law Book House, 1322, Lajpat Rai Mar- ket, Delhi-6	87
33.	Firma K. L. Mukho- padhayay, 6/1A, Ban- chharam Akkur Lane, Calcutta-12	32	49.	The United Book Agency, 48, Amrit Kaur Mar- ket, Paharganj, New Delhi	88
DELHI			50.	Hind Book House, 82, Jan Path, New Delhi.	95
34.	Jain Book Agency, Connaught Place, New Delhi	1	51.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9	96
35.	M/s. Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi	3	MANIPUR		
36.	Atma Ram Sons, Kashmere Gate Delhi-6	9	52.	Shri N. Chaoba Singh, Newspaper Agent, Ramlal Paul High School, Annex, Imphal, Manipur	77
37.	J. M. Jaina & Brothers, Mori Gate, Delhi	11	AGENTS IN FOREIGN COUNTRIES		
38.	The Central News Agency, 23/90, Connaught Circus, New Delhi	15	53.	The Secretary, Establishment De- partment, the High Commission of India, India House, Aldwych, LONDON, W.C.-2	59
39.	The English Book Stall, 7-L, Connaught Cir- cus, New Delhi	20			
40.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi	21			
41.	Lakshmi Book Store, 42, M. M. Janpath, New Delhi.	23			

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