

# **ESTIMATES COMMITTEE 1962-63**

## **SECOND REPORT**

**(THIRD LOK SABHA)**

**MINISTRY OF STEEL & HEAVY INDUSTRIES**

**Action taken by Government on the recommendations  
contained in the Thirty-Third and Eighty-Seventh  
Reports of the Estimates Committee (Second Lok  
Sabha)**

**HINDUSTAN STEEL LTD., RANCHI**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**•August, 1962/Bhadra, 1884 (Saka)**

*Price: 1.75 nP*

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## ESTIMATES COMMITTEE

1962-63

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**Shri H. C. Dasappa**

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### **SECRETARIAT**

**Shri N. N. Mallia, Deputy Secretary.**

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\*Elected w.e.f. 18-8-62 *vice* Shri Shivram Rango Rane resigned.

## INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Second Report of the Estimates Committee on the action taken by Government on the recommendations contained in the Thirty-third and Eighty-seventh Reports of the Estimates Committee (Second Lok Sabha) on the Ministry of Steel and Heavy Industries—Hindustan Steel Limited, Ranchi.

2. The Thirty-third and Eighty-seventh Reports of the Estimates Committee were presented to the Lok Sabha on the 4th March, 1959 and 18th April, 1960 respectively. Government furnished their replies indicating the action taken on the recommendations contained in these Reports on the 6th September, 1960 and 20th July, 1960 respectively. Government were requested thereafter to furnish further information on points arising out of their replies to certain recommendations contained in the Thirty-third Report. The replies were examined by the Study Group 'F' of the Estimates Committee (1961-62) on 9th September and 28th October, 1961 and the Study Group 'F' of the Estimates Committee (1962-63) on 22nd August, 1962. The draft Report was adopted by the Committee on the 29th August, 1962.

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

- I. Report.
- II. Recommendations that have been accepted by Government.
- III. Replies of Government that have been accepted by the Committee.
- IV. Replies of Government that 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 these Reports of the Estimates Committee is given in Appendix V. It would be observed therefrom that out of 135 recommendations made in the 33rd Report, 63 per cent have been accepted by Government and replies in respect of 24.4 per cent of the recommendations have been accepted by the Committee. Of the rest, replies of Government in respect of 3.7 per cent of the

(vi)

recommendations have not been accepted by the Committee while final replies to 12 recommendations (8·9 per cent) are still awaited.

H. C. DASAPPA,  
Chairman,  
Estimates Committee.

New Delhi;  
August 31st, 1962  
Bhadra 9, 1884 (S).

## CHAPTER I

### I. THIRTY THIRD REPORT

#### Schedule of commissioning of the Projects

In para 121 of the 33rd Report of the Estimates Committee (2nd Lok Sabha), it was stated that according to the programme of Industrial Development during the Second Five Year Plan, the Rourkela and Bhilai Steel Plants were expected to go into production as a whole by the end of 1959 and Durgapur Plant by December, 1960. The dates of completion of the various units in the three Steel Plants were subsequently revised. In para 126 of the Report, the Committee urged the Government and the Hindustan Steel Ltd. to take energetic steps to ensure that the completion of the projects was not delayed beyond the revised target dates as indicated in para 122 of the above Report. From a statement furnished to the Committee in July, 1961 it is seen that the revised target dates in respect of the Rourkela and Bhilai Steel Projects differ from those intimated to them earlier and reproduced in para 122 of their 33rd Report (2nd Lok Sabha). A statement showing the revised target dates for the completion of the various units of the Steel Plants furnished to the Committee in 1958, the target dates further revised, the dates of actual completion and delay in each case, is given in Appendix IV.

2. It would be seen that compared to the revised schedule furnished to the Committee, there have been further delays in the completion/commissioning of the units in a majority of cases, which range from 4 to 29 months at Rourkela, from 1 to 14 months at Bhilai, and from 11 days to about 9 months at Durgapur, while only a delay of about six months was anticipated in the case of the Rourkela Project. Further, certain units though completed in 1959 or 1960 have not been commissioned so far. The Committee have already pointed out that these delays result in increased cost and delayed commencement of full production. *While the Committee do not want to go into the reasons for delay in the completion/commissioning of the various units of the three plants in this Report, they hope that Government would direct the Hindustan Steel Ltd, to analyse and study the reasons for delay so as to profit by this experience and avoid the recurrence of such delays in the expansion of the three Projects or the setting up of the fourth Steel Plant.*

#### Estimate of Costs

3. In Chapter VI of their 33rd Report, the Committee had made the following suggestions:—

- (1) a comprehensive statement showing the estimates of all items of expenditure connected with the three steel projects be prepared and presented to Parliament at an early date; (para 144).
- (2) an analysis of estimates and actual costs of the three projects be prepared on a comparable basis; (para 145)

(3) the expenditure incurred on similar and comparable units in the private sector be ascertained and included in the analysis of cost referred to in item (2) above; and (para 146)

(4) estimates of the projects to be re-assessed and the differences explained properly. (para 149).

4. The Government while communicating their acceptance of these suggestions in January 1961 stated that a statement setting out the expenditure in all the three Steel Plants, in as comparable a form as possible, was under preparation and would be placed before Parliament as soon as possible. *The Committee however regret to observe that the proposed statement has not yet been placed before Parliament although it is over 19 months since the Government accepted the above suggestions of the Committee made over three years ago. They feel that it should not have taken them so long to prepare the final estimates of the Plants on a comparable basis. The Committee trust that Government would give immediate attention to this matter and have the necessary statements laid before Parliament without further delay.*

5. In para 47 of the 33rd Report, the Committee had stated that selection to the posts of General Managers of Steel Projects should be made not merely from among the civil servants but from a wider sphere and that it would be desirable for the General Managers to have some industrial background, particularly of the industry concerned. The Government in reply accepted that the General Managers should have some background of the industry but stated that the administrative services were as satisfactory a source of recruitment for senior managerial posts as commercial and industrial concerns. The Committee are, however, glad to note that the General Managers of the Steel Projects, at present, are not confined to the civil servants but have been drawn from outside the civil service also. *They hope that the above considerations will be borne in mind in making appointment to such posts in future also.*

## II. EIGHTY SEVENTH REPORT

6. In para 6 of their 87th Report (2nd Lok Sabha), the Committee had commented on the non-availability of information regarding the increase in the estimates of each item constituting general services at Rourkela due to each factor responsible for it. In reply, Government stated that the Technical Consultants had given the increase in the estimates on account of the four factors mentioned in the report only in respect of the total costs and its break-up was not given against each unit of the plant/work. *The Committee are not satisfied with the above reply. They, however, trust that in future the Project authorities would obtain complete and detailed information in such cases.*



## CHAPTER II

*Recommendations that have been accepted by the Government*

S. No. (as Reference in the to Para-Appendix to graph the No. of the Report)	Summary of recommendation/conclusion	Reply of the Government
1	2	3
		4

### I.—Thirty-Third Report on Hindustan Steel Ltd.

1	VII (Preface)	The Committee suggest that a team of experts comprising persons well-versed in industrial, financial, legal and technical matters, might be appointed to make a more comprehensive study of the Projects with particular reference to the agreements with Consultants, project reports, contracts, arrangements made for training the personnel, etc., not necessarily to pick holes in regard to them but to enable with their help to make suggestions for avoiding difficulties in future. The Committee also recommend that the report of the Team so appointed should be made available to Parliament.	Government accept the suggestion. In order to derive the benefit of the experience of working of the various arrangements made for the construction of the three steel plants, they consider that an examination of the working of the arrangements should be made about the beginning of 1961 when the bulk of the work of construction would have been completed.
2	9	In taking a decision on the Consultants' Report the Government lost five valuable years and a very good opportunity to put up the steel plants in the country at a cheaper cost at a time when they were	( <i>Department of Iron and Steel O.M. No. Parl, 7 (4) 59 dated 6-9-1960.</i> )
		Noted.	
			( <i>Deptt. of Iron &amp; Steel. O.M.No. Parl/7(4)59 dated 16-1-1961.</i> )

most needed. Had the steel plants been erected as suggested in 1949, they would have gone into production by 1954 or 1955. They would also have saved the country from importing large quantities of steel which cost large sums of money in the shape of foreign exchange.

The estimates of future deficits in the steel requirements of the country, reported by the Technical Mission appointed in 1952, increased five-fold within 2 years. While the reasons for the earlier low estimates were not furnished to the Committee, it is obvious that they were wrong.

Noted.

(Deptt. of Iron & Steel O. M. No. *Parl.* 7(4)/59 dated 16-1-1961).

The Committee believe that had the conclusion of contracts for supply of plant and machinery for the Rourkela Plant not been delayed, as it was, due to revision of the project report, it might have been possible to purchase at least some of the plant and machinery at lower prices. It is also not clear whether the Government were conscious of the rising prices and whether if they had attached any importance to this fact, they would have allowed such delays in finalising project reports and in dealing with this matter in such leisurely manner.

Noted.

(Department of Iron and Steel O.M. No. *Parl.* 7(4)/59 dated 16-1-1961).

The Committee regret to observe that in the case of Durgapur, no Indian experts were associated

Noted.

with the Consulting Engineers in the examination of the reports as was done in the case of Rourkela and Bhilai Projects.

(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961)

7 22

(i) There is evidence that if decision to set up steel plants had been taken in time, they would have cost 40 to 50 per cent less.

Noted.

(ii) The requirements of steel were not assessed properly in the initial stages with the result that much valuable time was lost in preparing project reports and in revising them while the world prices of plants were rising and finished steel was being imported at the sacrifice of much needed foreign exchange.

(iii) Three different methods were followed in negotiating with German manufacturers, Russian Government and the British Consortium. It is not clear why the method of appointing a large Expert Committee to study the Russian offer, which yielded good results, was not followed in the case of other two negotiations. Indeed it is regrettable that the latter two had undesirable features.

(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961).

8 26

The Committee feel that it would have been desirable to entrust the Bhilai and Durgapur projects to the Company from the beginning since the machinery of Government departments is not generally suited to undertake such projects departmentally even in the initial stages when in fact the bulk of the negotiations are carried out and agreements entered into.

Noted.

(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961).

1	2	3	4
9	27	<p>The Committee suggest that the minimum number required for the Board of Directors might be raised suitably and wide fluctuations in the total number avoided as far as possible.</p> <p><i>Further information required by the Study Group</i></p> <p>Whether the minimum number of members required for the Board of Directors has been raised?</p> <p><i>Lok Sabha Sectt. O.M. No. 33-PU/59 dt. 18-2-61).</i></p>	<p>Accepted. The number of Directors of Hindustan Steel Limited at present is 11.</p> <p><i>(Department of Iron and Steel O.M. No. Parl./7(4) 59 dated 6 9-1960).</i></p> <p>At present there are 8 Directors of whom five, including the Chairman, are full-time and these constitute the Committee of Management.</p> <p><i>(Department of Iron and Steel O.M. No. Parl./7(4) 59, dated 24-7-1961).</i></p> <p>The Board of Directors of HSL in their meeting held on the 17th January 1961 have decided that the Committee of Management will consist of the Chairman and the five full-time Directors with a quorum of three. The recommendation has, therefore, been implemented. At present there are 11 Directors of whom six including the Chairman are full-time.</p> <p><i>(Department of Iron &amp; Steel O.M. No. Parl./7(4) 59 dt. 26-5-1962).</i></p>
12	32	<p>The Committee feel that more full-time Directors should be appointed on the analogy of the Railway Board and that, to the extent possible,</p>	

continuity among the full-time Members should be ensured.

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The Committee recommend that, for better administration and co-ordination, each full-time director should be entrusted with the responsibility of certain Departments of the Company, *e.g.*, Engineering, Staff Matters, Coal Washeries, Raw Materials, etc. The need for such Directors and their functions might change when production in all the plants commences *e.g.*, it might be necessary to have such departments as Production, Marketing and Purchase, Industrial Relations, Staff, Finance, Research, etc. Therefore, the position and the functions of full-time Directors might be reviewed from time to time.

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The Committee welcome the proposal of Government to expand the present Board of Directors and to appoint more Directors from non-official sources and suggest that in making new appointments, the recommendations made in the preceding paragraphs might be kept in view.

15 38

The Committee recommend that the association of the Secretariat Officials on the Board of Directors of Hindustan Steel (Private) Limited might be terminated as early as possible.

The number of full-time Directors in the Hindustan Steel Limited at present, excluding the Chairman, is 5 and the work has been divided among them.

(Department of Iron & Steel/O.M. No. Parl/7(4)/59, dated 6-9-1960) and dated 26-5-62.

The larger question is being considered by Government. But at present (since April, 1958) there are no Secretariat Officials of the Department of Iron and Steel on the Board of Directors of Hindustan Steel Limited.

(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960).

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39 So long as the present system of Secretariat Officials being members of the Board of Directors continues, the Committee suggest that there should be some arrangement in the Government for examination of matters, which come up from the Company for their consideration and approval, by officers different from and independently of those who are on the Board so as to facilitate objective and independent examination of these matters and thereby fulfil the purpose for which they are required to be referred to Government.

As already stated, there are no Secretariat Officials of the Department of Iron and Steel or the Ministry of Finance on the Board of Directors of Hindustan Steel. The question therefore of implementing the suggestion in paragraph 39 of the Report does not arise.

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The Committee consider it strange that the Board of Directors should set up a Committee with an indefinite membership and with such wide powers. They also find it strange that the administration of the Rs. 560 crore steel projects rests largely with two to four officials or erstwhile officials of the Government who have had no previous experience of steel industry, or of any industry for that matter.

Noted

(Department of Iron and Steel O.M. No. Parl./ 7(4)/59, dated the 16th January, 1961).

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(Department of Iron and Steel O.M. No. Parl./ 7(4)/59, dated the 16th January, 1961).

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44

The Committee recommend that the existing practice of circulating to the Board the decisions of its Committee should continue and that in addition

This is being followed now by the Hindustan Steel Limited.

such decisions should also be reviewed at subsequent sittings of the Board to enable the latter to give suitable guidance, wherever necessary, to the Committee in their future course of action.

(Department of Iron and Steel O.M. No. Parl./7(4) 59, dated the 6th September, 1960).

The Committee do not appreciate the location of the head office of H.S. (P) Ltd., at Delhi. They feel that its location, near about the area of operations would enable the Hindustan Steel (P) Ltd., to function independently on business lines instead of looking to Government for advice and guidance in all matters.

(Department of Iron and Steel O.M. No. Parl./7(4) 59, dated the 6th September, 1960).

(ii) The Committee would also suggest that there should also be continuity in the posts of General Managers.

Accepted.

(Department of Iron and Steel O. M. No. Parl./7(4) 59 dated the 6th September 1960)

The Committee consider the arrangement under which Consultants are also suppliers of equipment as not satisfactory since there is a possibility that the advice given by the Consultants might not be objective. In this connection they consider it significant that the cost of the Rourkela Project has increased very much since the Consultants first prepared the estimates.

The Committee note that financial collaboration with M/s. Krupp & Demag was dispensed with since it turned out that German investment under

1	2	3	4
		the agreement would amount to borrowing at nearly 12 % interest. The Committee are surprised to find that the agreement was defective in this respect and feel that these matters should have been examined more carefully even at the initial stage of negotiations.	(Department of Iron and Steel O. M. No. Parl. 7(4)/59 dated 16-1-1961]
31	68	The Committee doubt whether the reduction of £200,000 in the fees of £1,600,000 payable to the Consultants (International Construction Co.) on account of the Durgapur contract being given as a package deal was quite commensurate with the reduction in their duties.	Noted. (Department of Iron and Steel O.M. No. Parl. 7(4)/59, dated the 16th January, 1961).
32	71	The Committee feel that the appointment of Consultants for general advice would have been understandable had they been appointed at a sufficiently early stage so that the necessity of appointing separate Consultants, for each project could have been avoided. Considering, however, that they were appointed after separate Consultants for each project had already been appointed, the Committee feel that the utility of the General Consultants would be limited.	Noted. (Department of Iron and Steel O.M. No. Parl. 7(4)/59, dated the 16th January, 1961).
36	79	The Committee understand that the team of 24 men which visited Germany did not submit any Report either to the Hindustan Steel (P) Ltd., or to the Government on the training received by them. Difficulties encountered etc. The	Accepted. (Department of Iron and Steel O.M. No. Parl. 7(4) 59, dated the 6th September, 1960).



Committee feel that it should be obligatory on all such study teams sent abroad for training to submit a detailed report to the Company and the Government since they would serve as a permanent record.

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86-87 The Committee consider it unfortunate that Government have not so far found it possible to utilise for the Steel Plants as well as for the ancillaries such as ore mine, limestone quarries, etc., the services of Indian Consultancy Organisation which, according to the representatives of Government, was the only one existing in the country. They would urge that Government should take steps right from now to utilise indigenous talent to the extent possible even for the plants which are coming up so that with the experience gained, it might independently assist in the work relating to future expansion.

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88 The Committee would suggest that Government might expedite the consideration of the question of developing their own designing organisation which might gradually undertake all detailed planning and designing work for the expansion of the existing steel projects as well as for setting up the new ones. In this connection, they feel that it would be desirable for the organisation so set up to be independent of the body responsible for the execution of the Projects.

An Indian firm of Consulting Engineers have been appointed as Consulting Engineers for the alloy and special steels plant on a fee of Rs. 8,800,000. (Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960).

A Design and Construction Division has been set up in the Hindustan Steel Limited with an experienced Engineer as General Manager in charge. The organisation, which has over 40 engineers already engaged on preliminary planning of the expansion of the steel works, will have available to it, in the next few months, about 200 engineers who are now associated with the various consulting organisations at the three steel works. This design and construction organisation will undertake the expansion of the steel works, supplementing to the extent necessary,

its resources with those of other Indian and foreign experts and organisations.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960*).

43 89 The Committee consider that a fuller examination of the contracts for civil engineering work of the blast furnaces and rolling mills at Rourkela as well as other contracts entered into by the Hindustan Steel (Private) Limited, by a Committee of experts is called for.

Noted.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960*).

The objective assessment will be possible only after the works now undertaken are completed. The question of appointing a Committee to go into various matters is under consideration. This Committee may also examine civil engineering contracts further to the extent necessary.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961*).

Noted.

44 96 The Committee cannot help concluding that the decision to import foreign workers for work in the blast furnaces at Rourkela was an ill-considered decision and that the expenditure incurred on that account was avoidable.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961*).

- 45 38 The Committee feel that the antecedents of the contractors (M/s. Urtam Singh Duggal & Co.) should have been verified from the Chandigarh Project Authorities where they had worked previously, before placing such a large contract (civil engineering works for the blast furnaces) with them. Noted.  
(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961).
- 46 103 The Committee wonder whether it was right to give large financial assistance to the contractors (Hochtief Gammon) when quite a number of other contractors engaged on civil engineering work have been working without such assistance. Noted.  
(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961).
- 47 104 The Committee feel that since a separate firm of Consultants (CECW) had been appointed exclusively for the civil engineering work of the rolling mills (and steel melting plant) at Rourkela at an enormous cost, it should have been possible for the H.S. (P) Ltd. and the Government to utilise their services in such a way as to remove the grounds which justified such a contract (Hochtief Gammon). Noted.  
(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961).
- 48 107 It appears to the Committee that as a result of the provisions of the Hochtief Gammon Contract, considerable avoidable expenditure would be incurred adding to the cost of the Project. Noted.  
(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961).

- 49 108 The performance of the contractor for the civil engineering work of the rolling mills at Rourkela is to be supervised by the C.E.C.W. and the Chief Engineer (Plant). In view of the fact that a partner of the contracting firm was also a partner of the Consortium of the Consultants till recently, the Committee feel that the Chief Engineer (Plant) should assume responsibility in providing effective and objective supervision of the work of the contractor.
- 52 113 The Committee observe that the value of contracts has gone up by nearly 3 times in many cases. They feel that such a large revision of the contract value vitiates the terms on which tenders are called and contracts placed and that the necessity for such changes could have arisen only because the data on which tenders were called was not complete. The Committee consider this regrettable since it is an essential pre-requisite that before a work is undertaken full data relating thereto should be worked out.
- 54 115 Since the contract with I.S.C.O.N. for the Durgapur Project offers less scope for the Project authorities to obtain the technical know-how in various matters, the Committee feel that it is not in the interest of the country to enter into such package deals.
- The Chief Engineer, Rourkela, has been exercising supervision over the work of this contractor.
- (Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960).
- (Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 16-1-1961).
- (Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 16-1-1961).

- 56 118 The Committee would suggest that the appropriateness of the charges on account of technical services to ISCON should be examined by the Expert Committee referred to in para 75. Accepted.  
[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].
- 58 125 Considering that the Bhilai Plant is expected to be completed within four years, the Committee feel that it might have been possible with better coordination, to complete the other projects also within the same period. The delays, especially at Rourkela, have been regrettable. Noted.  
[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 16-1-1961].
- 61 133 The Committee suggest that Government might have it examined whether there is any alternative use for the coke oven gases and whether it would be economical to put them to such use. Accepted.  
[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].
- 15  
A certain proportion of coke oven gas is necessary for use in the steel works itself and cannot be easily substituted by other fuel. Coke oven gas surplus to such requirements is used in boilers unless there are more remunerative uses. In Durgapur and Rourkela, part of the content of coke oven gases will be drawn for use in the fertilizer plants. In Bhilai there is little surplus. These problems are constantly under examination.  
[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 16-1-1961].
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134

The Committee suggest that the economic aspect of the selection and production of by-products at the various plants might be got examined with particular reference to the difference in the estimated cost of the by-product plants as also their estimated working cost in the three projects.

Accepted.

[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].

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136

The Committee would suggest that the feasibility of putting the slag which might not be found suitable for cement making to alternative use, e.g., construction of roads etc., might be examined.

Accepted.

[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].

It might be possible to use slag which cannot be used for cement making or surplus to cement making requirements for the manufacture of slag, wool, hollow bricks and road-making. These problems are now under examination.

[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 16-1-1961].

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137

The Committee suggest that the question of setting up a marketing organisation for the HSPL should be examined at an early date.

A sales organisation has already been set up by Hindustan Steel Limited.

[Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].

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150

The Committee consider it strange that the estimates of expenditure on inland transports should have been omitted by the consultants from the original estimates. They also find it difficult to appreciate why additions and alterations of the order of about Rs. 11 crores should have been found necessary soon after the project report was submitted.

Noted.

[*Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 16-1-1961*].

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151

The Committee do not feel convinced by the reasons adduced for underestimation in the Rourkela Project Report to the extent of Rs. 14 crores and suggest that the matter might be pursued with the consultants.

The reasons for under-estimation are being pursued with the Consultants.

[*Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960*].

17

The Consultants had considered very carefully the question of mentioning the prices in their final report and whether they should be those prevailing in world market when the global tenders were invited or whether some cushion should be provided for subsequent increases in prices and costs which were bound to take place though could not be anticipated. The Consultants were guided by the possibility of the tenderers quoting prices given by them (Consultants) as it would have served as a guide to them (tenderers). By deliberately keeping the prices low, the consultants ensured that the tenderers would exercise their judgement as regards the future increases and not be guided by the Consultants'.

estimate. For this reason the Government accepted the explanation of the Consultants.

[*Department of Iron & Steel O. M. No. Parl/7 (4)/59 dated 22-8-61*].

72 The Committee wonder how items of the value of about Rs. 15 crores, came to be excluded from the Bhilai Project report. They would suggest that the cost of the six other items which were excluded from the original estimates might also be worked out and indicated.

154

The six items excluded were :—

- (i) Expenses on training works personnel,
- (ii) Expenses in tuning and starting up the works,
- (iii) Cost of land and re-alignment of the Tandula canal,
- (iv) Cost of designing and prospecting,
- (v) Cost of township, railway sidings, water works and power supply facilities outside the perimeter of the plant,
- (vi) Cost of Soviet experts and Indian experts engaged on designing.

18

The estimated cost of these six items—about Rs. 32 crores—was included in the estimate of Rs. 120·25 crores for ancillaries (Appendix XV of the 33rd Report of the Committee). The revised estimate of cost will be shown in the revised estimates of costs of the projects to be presented to Parliament.

[*Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960*].



73

155 (i) The Committee doubt whether the condition that the increase from the initial estimates for plant and machinery to be imported from U.K. would not be more than 5 per cent, has been fulfilled. They would suggest that this matter might be examined and the scope for reducing the cost of the Durgapur Project in that direction explored.

This is being done.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*].]

74

156 The Committee consider it regrettable that the consultants who have been appointed at an estimated cost of about Rs. 10 crores for giving the plans and estimates of the projects did not give firm and accurate estimates of cost of the respective projects and that the Government did not ensure their timely submission for their own information as well as that of Parliament.

Noted.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961*].

76

158 The Committee would urge greater attention to be given to the preparation and scrutiny of financial reviews.

19

The recommendation which concerns Government as a whole is under consideration.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*]

Accepted.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961*]

77

159-60 The Committee feel that it is necessary that Parliament should be given full information about the plans, programmes and estimates of the undertakings every year alongwith the budget documents and in advance of the annual reports which are generally presented long after the

The recommendation which concerns Government as a whole is under consideration.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*]

year is over. In this connection, they would invite a reference to the recommendation contained in para 25 of their 20th Report (2nd Lok Sabha).

Government agree that the annual reports of the Ministries should include the latest available information on the progress of work and prospects.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961*]

Noted.

164 It appears that Government have not given sufficient thought to the question of cost of production in the new steel plants.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961*]

31 167 Time and again, in their reports, the Committee have emphasised the need for a well-trained and well-staffed cost-accounting organisation in industrial undertakings to serve as an efficient tool of financial and managerial control. They reiterate that early steps be taken to establish such organisation in the three plants on healthy and efficient lines so that an efficient costing machinery might be available from the time the production starts. They would also suggest that a study of costing organisations in the steel plants in the private sector should be made with a view to evolving an efficient and up-to-date system of costing for these projects. Further a close touch with the latest developments in this field in other advanced countries (e.g. U.K., U.S.A., U.S.S.R., etc.) might also be kept.

The Cost Accounts Organisation of the Hindustan Steel Limited is being developed and strengthened. In this regard, assistance in some measure is being provided by various foreign organisations.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*]

- 168 The Committee suggest that Government should reconsider the question of reorganising the existing Institute of Costs and Works Accountants to enable it to fulfil the tasks expected of it and also of decentralising its activities.

*Further information required by the Study Group :*

A copy of detailed notes stated to have been sent by the Deptt. of Company Law Admin. to the Ministry of Finance on the 13th June, 1960.

(*Lok Sabha Sectt. O.M. No. 33—PU/59 dt. 18-2-61*)

- 180 The Committee suggest that the question of organising the M.I.S.W. in the form of a corporation or a company might be settled by the Central and Mysore Governments by negotiation and that a speedy agreed solution be found to the problem so as to expedite its expansion programme.

- 185 (i) The Committee suggest that an expert survey of the steel requirements of the various engineering industries in the country, both in the public and private sectors, on the basis of existing capacity and that likely to be installed in the near future should be conducted.

This is being considered in consultation with Ministry of Finance.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*].

The Department of Company Law Administration have already replied to this in their Office Memorandum No. 10/3/60—Inst. dated the 15th October, 1960.

A copy is reproduced in Appendix I.  
[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961 and 20-4-1961*].

The Government of Mysore have in principle accepted that the Mysore Iron & Steel Works, Bhadravati, should be formed into a corporation. They have also worked out the details to this end. The corporation is expected to be formed soon.

[*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*].

- (i) There have been some studies initiated recently to estimate the requirements of steel for the various sectors of the economy including the engineering industries. This has been done with a view to formulate the target for steel production in the Third Five Year

Plan. The Working Group of steel which was set up by the Planning Commission has estimated the demand of steel for 1965-66 of the order of 7.3 million tons, excluding tool and alloy steels. So far as tool and alloy steels are concerned, the Engineering Association which undertook a study has estimated demand at about 200,000 tons. The National Council of Applied Economic Research have also made a study of steel demand. The Council has concluded that of the total demand of about 7.2 million tons by 1965-66, the industrial requirements (both of large scale and small scale industries) will be about 4.049 million tons.

(ii) The Committee further recommend that if the survey were to indicate that the capacity of the engineering industries would not be adequate, to absorb all the steel that would be produced, Government should take suitable steps to augment the capacity of those industries as well as to instal additional capacity after taking into account the increasing requirements of the country in this respect.

(ii) The assessment made by the Working Group and the National Council leads to the conclusion that there need be no fear about the consumption of the steel that will be produced. While there will be shortages in some categories, it is not unlikely that there might be marginal surpluses also in others. This occurs in any steel economy. Government are also taking steps to encourage the setting up of new steel consuming industries.

[Department of Iron & Steel O.M. No. Par-1  
7(4)/59 dated 6-9-1960]

191 The Committee have no doubt that the requirements of steel in the rapidly developing economy of the country would be continually rising and that arrangements would have to be made to meet the demand. They would, however, suggest that the exact extent of the future expansion and the mode of it should be carefully planned with reference to the best estimate of the requirements of steel in future years determined as suggested in para 185.

This is being done.

[Department of Iron & Steel O.M. No. Parll/7(4)/59 dated 6-9-1960]

193 (i) The Committee suggest that in order to facilitate dispersal of the industry, the Government should undertake an intensive survey of all the areas where the raw materials required for the industry might be available.

This is being done.

(ii) They would also suggest that Government should examine the feasibility of using alternative fuel such as lignite where coal is not available.

A Technical Committee has been set up to examine and report on the feasibility from the technical and economic angles of the use of Neyveli lignite in the manufacture of Iron and Steel.

[Department of Iron & Steel O.M. No. Parll/7(4)/59 dated 6-9-1960]

198 The Committee suggest that in the interest of the decentralisation of the iron and steel industry Government might consider within the framework of the Industrial Policy Resolution, the desirability of granting more licences to the

Decentralisation of the iron and steel industry could be in regard to production of iron or of steel or of both. The delegation which visited China reported that the trend in that country was towards the setting up of larger

private sector for small plants for production of pig iron as well as similar other items.

units and that, in any case, the dispersal of the industry in China would be no model to us, as coking coal is found in India only in one or two States. However, following the recommendation of the delegation, provision has been made in the Third Five Year Plan for the production of 0.2 million tons of iron and 0.2 million tons of steel in small units, as a measure of dispersal and of encouragement to smaller units. Eight industrial licences have already been granted for the installation of small furnaces producing pig iron. Of these, two are in production. The capacity permitted is only 15,000 tons per annum. The question of increasing the limit to 75,000—100,000 tons is being considered by Government.

Government have also sanctioned the installation of 71 electric furnaces with a total capacity of 412,330 tons. It may be noted that the electric furnaces already in production have a capacity of 173,320 tons. These furnaces, existing and projected, will make castings, mild steel for rolling and special types of steel.

[*Department of Iron & Steel O.M. No. Par/7(4)/59 dated 6-9-1960*]

199 The Committee feel that the maximum capacity of the pig iron plants to be licensed by Government, which is at present fixed at 15,000 tons might be determined independently in each case, taking into consideration all the economic aspects which would have a bearing on it.

[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]

205 The Committee suggest that avenues for setting up medium and small scale industries should be fully explored in consultation with the Planning Commission. Further adequate provision for such industries should be made in the layout of the plants as well as of the townships.

[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]

206 The Committee recommend that Government might set up a Joint Advisory Council for the iron and steel industry exclusively, consisting of representatives of all the interests, namely, the Hindustan Steel (P) Ltd., Government of Mysore, producers in the private sector, producers of raw materials, the Railways, the Ministry of Transport and Communications, Engineering Industry, the Iron & Steel Controller, the D.G.S. & D. etc. and some men from public life to represent the consumer interest. The Council might to the extent possible comprise of experts who have distinguished themselves in their respective fields. The function of the Council might be to advise on the production programme, distribution, transport arrangements, scientific research on steel technology, development of Indian know-how and training therefor and

Government have in their Resolution dated 5-11-59 set up an Iron & Steel Advisory Council consisting of representatives of producers of steel, producers of raw material, the users of steel, consumers, etc. A copy of the Resolution announcing the setting up of the Council is reproduced in App. II. The Council's functions are comprehensive and is to advise on production, distribution, transport, research etc. The Minister for Steel, Mines & Fuel is the Chairman of the Council.

The Council held its first meeting on the 6th February, 1960.

[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960].

such other problems. The Committee recommend that early action be taken in the matter.

- 97 211 The Committee suggest that the feasibility of lifting the iron ore manually from Taldih mines till their mechanisation and if simultaneously expediting the construction of the Railway line from Dumaro to Bondamunda be urgently considered. The mechanised mine is nearly ready. Arrangements to have manual mining have been made to supply ore to Rourkela meanwhile. [Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960].

- 98 214 The Committee feel that the difficulties now experienced in regard to the construction of Rajahara mines for Bhilai plant, could have been foreseen and it might have been possible to get this work completed in time. Noted. [Department of Iron & Steel O. M. No. Parl/7(4)/59 dated 16-1-1961].

- 99 217 The contract for the supply of plant and machinery for the Dugda washery has not been finalised so far. In this case also, the Committee feel that the programme for the completion of essential ancillaries should have been planned sufficiently early. Noted. [Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961]

- 100 218 The Committee feel that the condition that the plants would be worked only with coal of particular specifications is likely to provide a loophole for the suppliers from honouring their guarantees and might well have been avoided. Noted. [Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961]



- 101      219      The Committee find that no decision has yet been taken for the supply of special quality limestone required for the steel melting shop at Rourkela and hope that an early decision will be taken in the matter.
- 102      223      The Committee would urge that steps should be taken to ensure that the proposed Government plant for the manufacture of refractories and the schemes which have been licensed are completed as early as possible.
- 104      227      The Committee hope that Hindustan Steel (P) Ltd., would take all necessary steps to ensure that the water supply arrangements are ready in time for the commissioning of the Rourkela Plant.
- 105      229      The Committee would suggest that an agency like the State Trading Corporation might undertake to purchase all the scrap at such prices as might attract maximum collection and distribute it on such lines as Government might direct. In addition, the Government of India, with the assistance of the State Governments, Municipal Corporations and other local bodies might institute a concerted drive for the collection of all available scrap in the country. In this connection they would suggest that the measures adopted in certain foreign countries like Germany, Russia, China etc. might be usefully studied and adopted to the extent possible.
- It has been arranged that Rourkela will draw limestone required for steel making from the Maihar and Baraduar in Madhya Pradesh.  
[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]
- Noted.  
[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]
- Arrangements were made in time.  
[Department of Iron & Steel O. M. No. Parl/7(4)/59 dated 6-9-1960]
- It has been decided to appoint a Committee to study the collection, distribution and use of scrap.  
[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]
- The constitution of the Committee was announced in April 1961 vide Govt. Resolution No. SC(B)—24(7)/60 Dated the 29th April, 1961.  
[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 26-5-62]

I	2	3	4
106	230 (Foot note)	Since the estimates of cost of the Power Plant at Rourkela have gone up by about Rs. 2 crores, it is desirable that this matter is also examined in detail by the Technical Committee suggested in para 75.	Accepted. (Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960)
109	236	The Committee feel that the difficulties which arose at Vizagapatnam port could have been anticipated and unloading facilities augmented in time so as to avoid the bottleneck in the clearance of the cargo which resulted in heavy demurrage charges especially since it was subsequently found possible to effect improvements at Vizag and augment the craneage. In this connection, they would also refer to the recommendation contained in para 213 of the 7th Report of the PAC (Second Lok Sabha).	Noted. (Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961)
110	237	The Committee feel that the traffic hold-up at Rourkela could have been avoided with proper planning and liaison with the suppliers.	Noted. (Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961)
111	240	The Committee would suggest that arrangements for the export of iron ore should not be made on a long-term basis so that the country might get an opportunity to review the policy of exporting this basic raw material.	The recommendation which concerns Govt. as a whole is under consideration. (Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960)

When further arrangements for long-term exports are made, Government propose to bear in mind its repercussions on our own development plans.

[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961]

113 245 The Committee suggest that the requirement of staff in the Ministry of Steel, Mines and Fuel (Department of Iron & Steel) be reviewed.

Accepted.

[Department of Iron and Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]

114 247 The Committee feel that it would be desirable in the interest of efficiency and effecting co-ordination if instead of three Secretaries each looking after a separate plant, one Secretary only is entrusted with the overall charge of co-ordinating the work in the three plants. He might, however, be assisted by Deputies, if necessary.

There is now only one Secretary in Hindustan Steel Limited.

[Department of Iron and Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]

115 249 The Committee suggest that a systematic job analysis might be conducted in the Headquarters Office of the HSPL for determining the strength of the various categories of personnel so that uniform criteria are adopted for providing staff to the various officers, keeping in view the practice followed in the Secretariat of the Government of India and the various undertakings in the public sector.

Hindustan Steel Ltd. has been asked to do the job analysis.

[Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960]

116 252 The Committee suggest that in the project offices also job analysis might be carried out and staff strength determined on a scientific basis.

They feel, that for this purpose, it might be desirable to entrust the work to a Central Team which might visit each of the plants and finalise its recommendations in consultation with the General Managers.

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257(i)

In regard to the recruitment of foreign trained Indians, the Committee would suggest that some uniform standards regarding academic qualifications, types of training received, experience, etc. should be laid down for purposes of pay fixation and given wide publicity.

Uniform standards are being applied by Hindustan Steel Ltd.

(ii)

They would also suggest that the HSPL should draw on the pool, which the Man-power sub-Committee of the Cabinet is reported to have decided to maintain, for their requirements of foreign trained personnel as far as possible.

The list of members of the Scientists' Pool has been made available to Hindustan Steel so that they may draw on it as required.

(Department of Iron & Steel O.M. No. Par/17(4)/59 dated 6-9-1960)

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The Committee feel that it would be desirable for the trainees to possess adequate technical experience as also some experience of the job that they are expected to perform on return, before they are sent for training.

Noted.

(Department of Iron & Steel O.M. No. Par/17(4)/59 dated 16-1-1961).

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(i) The Committee would suggest that the feasibility of detailing foreign trained Indians for prac-

This has been done.

tical training in one of the existing steel plants in the country for acquiring technical experience and skill in the job in which they were to be ultimately employed, till the time they are required for their particular jobs in the plant concerned, might be considered.

(ii) Further, they would suggest that the desirability of rephrasing the training programme according to the operation schedule of the various Units of the three plants might be considered so that the trainees return in time to take up their respective posts.

Accepted.

(Department of Iron & Steel O.M. No. Parl/7(4))  
59 dated 6-9-1960).

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The Committee would suggest that the number of foreign experts should be kept to the minimum and that efforts should be made to obtain the maximum results from them by a well-planned replacement by Indian counterparts. For this purpose, it might, perhaps, be advantageous, if the Indians are put in charge of the Sections as far as possible while the foreign technicians are entrusted mainly with the job of guiding them. The Committee feel that in this way Indians might be able to acquire the requisite experience in much shorter time and might also be able to gain necessary confidence which is so necessary for these posts.

Noted.

(Department of Iron and Steel O.M. No. Parl/7(4))  
59 dated 16-1-1961).

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The Committee feel that the layout of the townships should also provide for their eventual expansion when ancillary industries grow around the steel plants.

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**The Committee feel that construction of plants etc. should have higher priority than construction of houses and that all houses should not be built even before the projects start.**

**Noted.**

(Department of Iron & Steel O.M. No. Parl/7(4)/  
59 dated 16-1-1961).

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The Committee cannot help feeling that there has been some lack of co-ordination between the suppliers of plant and the project authorities and hope that every effort will be made to rectify this.

**Noted.**

(Department of Iron & Steel O.M. No. Parl/7(4))  
59 dated 16-1-1961).!

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The Committee recommend that Government might conduct a survey of the existing capacity so that equipment which could be produced in India might not be imported from abroad and also that where possible suitable capacity might be provided for future requirements. Similar remarks would apply in regard to the requirements of plant and machinery for the steel plants to be erected in future.

Provision has been made in the Auxiliary shops within the steel works themselves for the manufacture of almost all spare parts which cannot be manufactured elsewhere in India. Thus once the Heavy Electrical Project in Bhopal and the Heavy Machine Building Plant in Ranchi are ready, capacity for the manufacture of practically all spare parts would have been set up within the country.

**With the Heavy Electrical Project and the Heavy Machine Building Plant going into production, there would be need only for some special structures and special kinds of refractories for which new capacity would have to be created. For the special structures, a Plate and Vessel Works and a Heavy Structural Works are planned to be put up during the Third Five Year Plan,**

For the manufacture of special qualities of refractories, two refractory plants are proposed to be erected alongside the steel works during the Third Five Year Plan.  
(*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*).

Government agree that maintenance stores and other interchangeable parts should be standardised as far as possible. This would be taken up as soon as the Design Institute to be put up in Ranchi is set up.  
(*Department of Iron & Steel O.M. No. Parl. 7(4)/59 dated 6-9-1960*)

The Committee feel that from the point of view of economy of maintenance and replacement of parts etc. of the existing plants, as well as for the setting up of new units, standardisation of various components required for the steel plants is very important. They would, therefore, suggest that in view of the proposal to set up the Heavy Machinery Plant at Ranchi, the question of standardisation of the various components might be actively examined in consultation with the Indian Standards Institution.

Noted.

(*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-61*).

The recommendation, which concerns Government as a whole, is under consideration.  
(*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*).

Rehabilitation of persons displaced by acquisition of land for Government projects is a State responsibility. But as a rule, such persons are

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The Committee suggest that there should be maximum uniformity in the rehabilitation arrangements at the three projects. They feel that even though the responsibility for rehabilitation of displaced persons rests primarily with the State Governments the project authorities might also lend full support and help them in providing decent means of livelihood.

given preference in employment in the projects. Government also are giving every assistance for the gainful occupation of displaced persons. Government have also decided that their undertakings should, wherever necessary, contribute towards the State Schemes for rehabilitation.

(*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961*).

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(i) The Committee suggest that provision should be made for allotment of some land to men not connected with the steel plants directly, to set up business and/or to settle down.

(ii) Further, the Committee suggest that the possibility of acquiring more land or otherwise regulating land transactions and building constructions in the neighbourhood may be considered.

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The recommendation which concerns Government as a whole is under consideration.  
(*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960*).

Land is being allotted to persons not connected with the projects for starting businesses. Government also intend to encourage a few industrial estates near the big projects.

Government agree that growth around the big projects has to be regulated by planning. This will mainly be a State responsibility.

(*Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 16-1-1961*).



The Committee would suggest that the desirability of setting up well-equipped and organised research establishments in the steel plants or elsewhere might be considered.

This is being done.

(Department of Iron & Steel O.M. No. Parli/7(4)/59 dated 6-9-1960).

## II. 87th Report on General Service Charges at Rourkela Steel Plant

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Noted.

- (i) The Committee regret that for want of adequate information it has not been possible for them to fully appreciate the reasons for the increase in the estimates of the general service charges of the Rourkela Project. They consider that when big projects are planned greater attention should be paid to such matters of detail.

- (ii) Judging from the scale of expenditure proposed for the administrative buildings, it would seem that there is room for economy in the expenditure on the project. The Committee hope that every effort would be made to explore the possibilities of reducing the expenditure to the utmost extent.

Against the estimates of Rs. 65.58 lakhs in 1955 and Rs. 79.59 lakhs in 1956 for the Administrative and General Superintendent's Building, Hindustan Steel Ltd's latest estimate is Rs. 66.68 lakhs. On the basis of contracts awarded and orders placed, Hindustan Steel Ltd have now revised the estimate of cost of General Services to Rs. 15.85 crores. It will therefore be seen that every effort is being made to keep the expenditure to the minimum.

The increase on the administrative building over the 1955 estimate has been about Re. 1 lakh only.

(Deptt. of Iron & Steel O. M. No. RKL (4)-25/60, dated 20-7-60.)

Sl.No.(as in the App. to the Report)	Reference to Paragraph No. in the Report	Summary of recommendation/conclusion	Reply of the Government
1	2	3	4

### *I. Thirty-Third Report on Hindustan Steel Ltd.*

47 (i) The Committee consider that the selection to such responsible posts as General Managers of Steel Projects should be made not merely from among civil servants but from a wider sphere. The main consideration in this regard should be that the General Managers should be able to exercise the powers devolving on them without fear or favour and they should not look to headquarters for guidance or orders on routine matters. They should be able to deal

with the Members of the Board of Directors or the Minister at the near-equal level and maintain the autonomy of the local management subject to the general policies of the Company and the Government. In addition, it would be desirable for the General Managers to have some industrial background particularly of the industry which they have to deal with.

(Department of Iron & Steel O.M. No. Parl./7  
(4)/59 dated 6-9-1960)

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(i) The agreement with M/s. Krupp & Demag does not specifically either include or exclude services with regard to civil engineering work and, to that extent, the agreement is apparently open to different interpretations. The Committee, therefore, suggest that the matter might be got re-examined by business and legal experts even at this stage and in case there is a possibility of securing a reduction in the fees payable to the technical consultants on this account, it might be explored.

This is being examined.

(Department of Iron & Steel O.M. No. Parl./7(4)/  
59 dated 6-9-1960).

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(ii) It is not clear to the Committee why the terms of the contract with M/s. Krupp & Demag have been assumed to be limited to furnishing general plans. The Committee feel that this matter also needs to be enquired into from the legal and commercial angles.

The general technical opinion was that supervision of civil engineering, erection, commissioning of the plant and preparation of general layout of the township were not items of work normally undertaken by the consultants and Government had done well to get the Combine to undertake all the duties specified in the Agreement. In the light of the above views expressed

by Indian technical experts, it is doubted whether a further examination by technical experts at this stage would be productive of useful results.

(*Deptt. of Iron & Steel O.M. No. Parl./7(4)/59 dated 22-8-61*)

30 The Committee suggest that the need and justification for the post of Technical Adviser might be reviewed and, if it is considered necessary to continue the post, the practicability of appointing an Indian to the post, when the term of the present incumbent expires, might be considered.

The position has been reviewed by Hindustan Steel Limited who have recommended that the present incumbent should continue until 31-3-1961. Government of India have accepted the suggestion. Meanwhile an Indian General Superintendent has been appointed to take over from the present Technical Adviser.

(*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 6-9-1960*)

33 The Committee do not understand why there should be a foreign Consultant to advise on the work of the other foreign consultants--an arrangement which could, perhaps, be appreciated if there was no technical know-how within the country. However, they feel that the agreements with foreign consultants might invariably provide for a second opinion being obtained from indigenous consultants who, with their knowledge of the local conditions, might be in a position to make better contribution.

The agreements with foreign consultants do not preclude a second opinion wherever it is considered necessary or useful to do so.

(*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 6-9-1960*)

The Committee recommend that the duties of the consultants might be broadly defined as far as practicable in terms of specific problems which might arise in the course of the development of the industry or execution of the projects and a procedure established to refer all such problems to the International Construction Company as and when they arise.

The agreements with the International Construction Company are fairly comprehensive and it is felt that by defining further their nature of duty we might only be limiting the field of references to them. The advice of the Consultants is taken on all matters where advice is required. There has been no occasion where International Construction Company have not been willing to give advice on any matter referred to them.

*(Department of Iron and Steel O.M. No. Parl.-7(4)/59 dated 6-9-1960).*

The Committee feel that a comparison of fees for consultancy at the three Projects by an Expert Technical Committee is necessary with a view to laying down the broad principles on which the fees of consultants should be determined in future.

The recommendation which concerns Government as a whole is under consideration.

*(Department of Iron and Steel O.M.No. Parl.-7(4)/59 dated 6-9-1960).*

It will be difficult to lay down principles on which fees of Consultants would be determined in future. These terms are usually negotiated.

*(Department of Iron and Steel O. M. No. Parl.-7(4)/59 dated 16-1-1961).*

- 37 The Committee are surprised that valuable opportunities available under the Bhilai agreement are not being fully utilised for getting the maximum number of Indians trained. They suggest that suitable men among those available should be selected and got trained as early as possible.
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- 38 The Committee suggest that the desirability of forming groups of persons of varied experience, in greater number and of attaching them to the consultants, at Bhilai should be considered expeditiously.
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- 39 The designing of the plant in the Soviet Union was done in 1955. At that time there was practically no organisation at site in Bhilai and with the difficulties of getting suitable Indian engineers the needs of construction had to be given priority. As soon as a group of engineers with the necessary basic engineering ability and aptitude for design could be formed they were sent to the Soviet Union in 1956 to be associated in the preparation of detailed working drawings. Since then, Indian engineers have been associated to a considerable extent in the design office in Bhilai as also in construction at site. A group of Indian engineers with aptitude for design has been formed to undertake in close collaboration with Soviet experts, the design of the expansions to the steel works.
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(Department of Iron and Steel O.M. No. Part. I/7(4)/59, dated the 6th September, 1960).

- 39 The Committee are of the opinion that care should have been taken when entering into the Durgapur agreement to provide for the association of Indians in designing work.
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- 40 The Committee feel that an important aspect of the projects, viz., the association of Indians in the planning and designing work, has not been given
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- Although no formal provision was made in the agreement for the Durgapur steel works to provide for the association of Indians in designing work, a large number of Indian engineers have been employed by the manufacturing and construction firms in the United Kingdom. These have gained valuable experience and are a source of recruitment for any governmental

the attention it deserved. They would suggest that even at this stage, attempts might be made to associate Indians with the consultants in a greater measure.

organisation in future. In regard to association of Indians with the work of Consulting Engineers the arrangement in Durgapur is considered very advantageous in that, except for five highly experienced engineers of the consultants, the other engineers are all Indians.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960.*)

(i) The Committee feel that payment of advances to the contractors is contrary to the principle of open tender contracts and the grant of advances had vitiated the terms of tender on which the contracts were placed.

The recommendation, which concerns Government as a whole, is under consideration.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960.*)

(ii) The Committee suggest that if in some cases advances have to be given there should at least be some uniformity in the terms of the advances granted.

Government agree with the principle that in tendering, the conditions of the contract including those of advances should be generally made known. But uniformity in the grant of advances will be difficult. Advances should however on principle be payable only in exceptional cases.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961.*)

The Committee feel that the limit of escalation (15%) that was agreed to in the contract with ISCON for the Durgapur Project was rather high.

Escalation is on actual increases of cost. Fifteen per cent as the upper limit was considered reasonable at a time when it was generally expected that prices would rise by about six per cent

per year and the contract was expected to run over four years. In actual fact, the FOB escalations have been much less.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960*).

The recommendation, which concerns Government as a whole, is under consideration.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960*).

The Committee feel that the statements made to them, that there was really no dearth of civil engineers in the country but that certain procedures and practices adopted by Government, particularly of entering into negotiation with contractors even after inviting open tenders, had kept out good and reputable firms, are serious and consider that they should be carefully inquired into by Government with a view to taking suitable and timely remedial measures. They also suggest that a Committee of Technicians drawn from various interests might be set up to survey the extent of civil engineering capacity available in the country with a view to its maximum utilisation.

Sufficient information regarding the extent of civil engineering capacity in the country is available with the various departments of Government. Even as it is, the available information is being pooled.

(*Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961*).

Noted.

The Committee hope that the anticipated benefits of the L.D. process would be realised but feel



that this is a matter which needs further examination at expert level.

(Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 6-9-1960)

The L.D. process which was comparatively new at the time it was decided upon in Rourkela is now fairly well spread and is proving of success everywhere. About 11.8 million tons of steel are being produced by the L.D. process. Productive capacity for a further 27.4 million tons is being set up. There is therefore no reason why the benefits of the L.D. process should not be realised at Rourkela also.

(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961).

73 155 (ii) They would also like to be assured that there is no likelihood of large variations in the estimates on account of Indian cost.

43 No extraordinary variations in the estimates on account of Indian cost are likely to arise but there have been increases due to increased quantities of work like railway track, foundations, concreting, etc. Increases in quantities are common to all the three plants.

(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960).

75 157 The Committee urge that Government should before approaching Parliament for approval of a project prepare and indicate realistic and firm estimates of all financial requirements which might not vary much except for unforeseen changes in general economic conditions.

The recommendation which concerns Government as a whole is under consideration.

(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960).

Government agree that before a project is approved, a detailed project report should be available. Estimates for any project will however vary not only owing to changing economic conditions but also for factors beyond the control of the estimating authorities, viz., changes in design and changes in quantities involved in actual work.

*(Department of Iron and Steel O. M. No. Parl./7(4)/59, dated the 16th January, 1961).*

78 161 The Committee would suggest that the ratio of likely production to investment in the three plants should be worked out and published at an early date.

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In the notes submitted on the 7th of January, 59 it was stated that the value of the output would be Rs. 502.5 million in Rourkela, Rs. 585 million in Bhilai and Rs. 487.5 million in Durgapur, on export quotations of Japan then current. On the basis of current selling prices in India, the value of the output would be Rs. 550 million in Rourkela, Rs. 610 million in Bhilai and Rs. 620 million in Durgapur. When the plants are expanded, it is expected that the ratio of output to investment will be greater.

*(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960).*

80 166 The Committee are of opinion that in future it should be ensured, before a new industrial or com-

The recommendation, which concerns Government as a whole, is under consideration.

mercial venture is embarked upon in the public sector, that it fulfils all the conditions which would have to be fulfilled had it been undertaken in the private sector and that the proposals therefor should be subjected to the same degree of critical scrutiny from various aspects as is applied to the proposals of a private undertaking.

(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 6th September, 1960).

Government agree that before a new undertaking is launched, all relevant economic considerations should be borne in mind. It should however be noted that there are certain over-riding national considerations which would justify the taking up of projects which may have no immediate profitability.

(Department of Iron and Steel O.M. No. Parl./7(4)/59, dated the 16th January, 1961).

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The Committee understand that the question of repayment of Government loans given to IISCO & TISCO and the interest payable thereon have been referred to the Tariff Commission and hope that an early decision will be taken with regard to these matters.

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The Report of the Tariff Commission on the recovery of interest charges on the special advance granted to the Tata Iron and Steel Co. and the Indian Iron and Steel Co. Ltd., has been received. The Tariff Commission has recommended:

- (i) interest on special advances granted to the two companies should be charged at the rate of 5% per annum;
- (ii) interest on the special advances should be charged to the two companies as from the 1st of July, 1958 and at 5% per annum. The actual recovery of the amounts may, however, be postponed until a decision is taken regarding the common retention price to all the main

producers of steel both in the public and private sectors after the 31st of March, 1960.

(iii) Calculation of special element in normal retention prices for meeting interest charges on the special advances should be postponed until 31st of March, 1960 when it will be necessary to work out the cost of production and fair profit required by the two producers (Tata Iron and Steel Co., and Indian Iron & Steel Co.) alongwith other producers of Steel.

Government have accepted the recommendations of the Commission.

*(Department of Iron & Steel O.M. No. Parl. 17 (4)/59 dated 6-9-1960)*

86. The Committee suggest that if after taking into account all the above requirements there is still some surplus of steel left, Government should take suitable steps for finding an export market for it. In this connection they would suggest that Government might consider, at the appropriate time, whether reduction in excise duty on steel for export would result in better export market.

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It has been indicated that Government do not expect any but marginal surpluses. They do not expect any difficulty in exporting such surpluses.

*(Department of Iron & Steel O. M. No. Parl. 17 (4)/59 dated 6-9-1960).*

The Committee would suggest that the feasibility of establishing, on a planned basis in different regions, smaller units, producing, may be one or two types of products only, should be actively considered.

There exist about 160 re-rolling mills all over the country. There is some concentration of these units in the Punjab and in the Calcutta and Kanpur areas. The position is that the existing units have, according to the assessment of the Saksena Committee made four years ago, capacity of about 700,000 tons of finished products on single shift. The planned production of billets at the end of the Second Five Year Plan, which is only about 750,000 tons will not justify the creation of additional capacity in the re-rolling industry. Planning of additional billet production is envisaged in the Third Five Year Plan. When this is finalised, it might be possible to set up some additional capacity having regard purely to regional considerations. Re-rolling mills, by definition, are intended to cater to local requirements and to produce the types of products which are not economic for the larger steel works to produce.

Recently, Government have liberalised the policy in regard to installation of small re-rolling units. Re-rolling units employing less than 50 workers can be set up without any permission.

[Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated 6-9-1960].

The Committee suggest that while granting licences for pig iron plants, Government might also take steps to explore and develop export markets for pig iron. In this connection, the Committee feel

The recommendation, which concerns Government as a whole, is under consideration.

[Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated 6-9-1960].

that if in the agreements which are entered into for export of iron ore a condition could be added that a portion thereof would be in the form of pig iron it might help the industry, provide more employment and also improve the foreign exchange earnings.

Government are keen to develop export markets for pig iron. But this has its limitations, viz., the type of demand and the changeability in the demand. It is felt that it would be difficult to link the exports of iron ore and the exports of pig iron because the existing markets for iron ore are markets where the production capacity for iron is developed. In such markets, iron is purchased to meet temporary shortages. The present surplus in pig iron is also temporary. Government are planning for additional capacity for iron-making which will provide some margin for export, actual exports however depending on foreign demand.

[Department of Iron & Steel O.M. No. Parl./7  
(4)/59 dated 16-1-1961].

93      203      The Committee feel that the feasibility of entrusting the production of stainless and other special steels to the Mysore Iron and Steel Works instead of setting up another plant for the purpose should be considered,

The Indian firm of Consulting Engineers for the alloy and special steels plant have been asked to consider Bhadravati along with three other sites for the location of the plant.

*Further informm. required by the Study Group.*

A note stating the latest position in the matter.

(*Lok Sabha Sectt. O.M. No. 33-PU/59 dt 18-2-1961*)

[*Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated-9-1960*].

As recommended by the Consulting Engineers, the alloy and special steels plant is being located in Durgapur.

[*Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated 27-6-1961*].

94                      204                      The Committee suggest that Govt. might also consider the question regarding the grant of licences for the setting up of small scale furnaces for the manufacture of special steels, from the angle of decentralisation of the steel industry.

A few furnaces are already licensed for the manufacture of special steels. It is the desire of Govt. that the limited arisings of suitable scrap in the country should be utilised preferably for the manufacture of castings and such special steels as will not ordinarily be manufactured in the central alloy and special steel plant.

[*Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated 6-9-1960*].

103                      225                      The Committee would suggest that the investigation for locating and exploiting the resources of raw materials like sulphur, zinc etc. in the country should be expedited.

The recommendations is under consideration in consultation with the Department of Mines & Fuel.

[*Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated 6-9-1960*].

The Geological Survey of India and the Indian Bureau of Mines are the two organisations under the Central Govt. which are concerned with the investigations for minerals like sulphur, zinc, etc. The Indian Bureau of Mines have been actively pursuing the exploration for various economic minerals during the last five years.

Mention may be made of the Bureau's exploration activities especially with reference to iron ore for the Rourkela and Bhilai Steel Plants and for export to Japan and manganese, limestone etc. for the Bhilai Steel Plant. In addition, larger resources of pyrites (iron sulphide) were estimated by drilling at Amjor, Bihar. The drilling operations have been completed in April, 1960, and the underground explorations to export 1,000 tons of pyrites' sample for smelting tests, which were in progress, have been completed in May, 1960. Different bulk samples of pyrites have been collected and sent to the National Industrial Development Corporation for tests.

Special emphasis is being given to the exploration for base metals, such as copper, lead, zinc ores, etc. Already one prospect, namely, copper, lead zinc prospect at Bhotang has reached the final stages and necessary action is being taken to establish the mines and open up the deposit to work at the rate of 100 tons of ore per day. In addition, exploratory operations for copper deposit at Khetri Jhuniunu, Rajasthan and Dariba have reached considerable progress. The operations in the Pachekhani and Dickchu



prospects in Sikkim which are also of multi-metal nature have been taken up and are in progress.

The Zawar mine, the only producing lead-zinc mine in India is leased to the Metal Corporation of India. The Metal Corporation is making arrangements to increase the daily milling capacity over 1,000 tonnes per day during the Third plan period.

Besides, there has been considerable progress in the exploration operations in respect of copper ore, copper-lead zinc, wolfram, phosphates, Iron ore, limestone, magnesite etc.

Proposals for intensification of the exploration for various minerals during the Third Plan period are under the consideration of the Govt. so that the Indian Bureau of Mines can take up simultaneously about 25 Nos. of major investigations for various economic minerals in a year as against 8 to 10 Nos. during the Second Plan period.

Work on search and exploration of deposits such as copper, lead, zinc, nickel etc. and also pyrite has been intensified after the formation of the Base Metal Unit in the Geological Survey of India. It is proposed to continue and further intensify such investigations in these and other promising areas covering the whole country in future years in order to explore and make a complete assessment of the deposits.

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As regards exploration of the reserves, the Govt. always keep this in view and steps are taken at the appropriate time to take up exploitation either by the Govt. themselves or by the private parties in accordance with the policy laid down in the Industrial Policy Resolution of April, 1956. The Govt. set up in November, 1958, a private limited Company, the National Mineral Development Corporation Ltd., to exploit minerals in the public sector other than oil, natural gas and coal. This Corporation has already taken up the exploitation of iron ore deposits in Kiriburu in Orissa. The Corporation has also started the working of the diomandiferous deposits in Madhya Pradesh. Another Corporation called the Pyrites and Chemicals Development Company (Private) Ltd., has been set up by the National Industrial Development Corporation to exploit the pyrites at Amjor in Bihar. The Govt. is also actively engaged for working the copper mines at Rangpo at Sikkim, for which a Corporation called the Sikkim Mining Corporation has been set up as a joint venture of the Govt. of India and the Sikkim Darbar and in which the Govt. hold 49% of the shares. The exploitation of the Bailadila iron ore deposits in Madhya Pradesh and the Khetri and Dariba-copper deposits

in Rajasthan are some of the other projects which will be taken up shortly.

(Department of Iron & Steel O.M. No. Parl/7 (4)/59 dated 16-1-1961).

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233 (i) The Committee cannot but feel surprised that the need for the special requirements of transport of by-products was apparently realised only after they took up the matter with the Ministry in February, 1958. They would suggest that action to finalise the requirements of wagons etc. might be expedited.

(ii) They would also urge that the additional transport requirements of the MISW might be assessed and early action taken to meet it.

*Further information required by the Study Group*

The latest position in the matter may be stated.

(Lok Sabha Sectt. O.M. No. 33—PU/59 dt. 18-2-61).

The Ministry of Railways have submitted the reply in their letter No. 58-TT/2/47/1, dated the 24th June, 1959.

(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-60 and 16-1-1961).

The present position regarding the two points raised by the Estimates Committee is as follows :—

The additional inward and outward traffic of the Mysore Iron & Steel Works during the Second Five Year Plan will be about 350 tons and 280 tons per day respectively, which is small and can be catered for within the overall provision for rolling stock, line capacity etc. made on the Southern Railway during the Second Five Year Plan. No special steps are, therefore, necessary in connection with the expansion programme of this Steel Plant. In fact, the Southern Railway has already been in touch with the developments and minor facilities required at Bhadravati and Birur Station Yards have already been included in the 1957-58 and 1958-59 Works Programmes.

In regard to the rolling stock required for the movement of by-products from the Steel Plants no difficulty is anticipated in meeting these demands, as the requisite number of tank wagons required in the initial stages of production can be found from the fleet of tank wagons already available on the Railways. The exact requirements of Rail Transport for the by-products have been so far received in respect of the Durgapur Steel Plant only. In regard to Bhilai and Rourkela Plants, the matter has been referred to the Ministry of Steel, Mines and Fuel and their reply is awaited. Tank wagon transport for some of the by-products is being provided for the first time and careful investigations are, therefore, necessary in the interests of safety, in conjunction with the Research, Design and Standardization Organisation before the arrangements are finalised. Certain points raised by this Organisation have been referred to Messrs. Hindustan Steel Ltd. in regard to the by-products from Durgapur and a further communication from them is awaited.

(Ministry of Railways O.M. No. 58-TT/2/47/1  
dt. 24-6-1959)

The latest position has since been furnished to the Lok Sabha Sectt. by the Ministry of Railways *vide* that Ministry's O.M. No. 58—TT/II/47/1 dt. 13-6-1961.

(*Deputt. of Iron & Steel O.M. No. Parl/7(4)/59 dt. 3-7-61*)

In continuation of the Ministry of Railways' views in respect of Recommendation No. 107 contained in Appendix XXV of the 33rd Report (Second Lok Sabha) of the Estimates Committee on the Ministry of Steel, Mines and Fuel forwarded under this Ministry's Office Memorandum No. 58. TT/47/1 dated 24-6-59 the position regarding arrangements made for the transport of by-products of the new Steel Plants is indicated below :

*Crude Tar*: M/s Hindustan Steel Ltd. have intimated that ultimately crude tar will be processed and barreled when tank wagons will not be required for this movement. Therefore, no new tank wagons have been programmed for Crude Tar. 100 tanks have, however, been withdrawn temporarily from the existing fleet of tanks and are in use for movement of crude tar to meet the present demand which is of a temporary nature.

2. In regard to the other by-products, the destination-wise breakdown of the movement of
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these commodities which is necessary for assessing the requirements of tank wagons was given by M/S. Hindustan Steel Ltd., in May 1960. On the basis of these requirements, 52 tank wagons (34 for Benzene, 6 for Toluene, 3 for Xylene/Xylol, 2 for Solvent Naptha and 7 for creosote oil) have been proposed for inclusion in the 1962-63 Rolling Stock Programme, which is the earliest programme in which these could be included.

3. M/s Hindustan Steel Ltd., have been advised that certain small movements of by-products for which procurement of special wagons cannot be justified, should be arranged in containers, which will be moved in ordinary wagons.

4. To arrange for the movement during the interim period, until the new tanks are available, the Railways have been advised to withdraw 52 tanks from the fleet of POL tanks and to earmark these for the movement of by-products from the Steel Plants.

(i) In order to ensure expeditious movement of equipment from the docks, Director, Rail Movement, Calcutta, was instructed as early as in May '56 to coordinate and plan the movement from the ports. The movements were

planned in advance after obtaining programme of the arrival of the ships. He was also asked to coordinate between the railways the movement of special type of stock required for the transport of steel and heavy machinery and to ensure that there was no delay in despatch of heavy lift consignments.

(ii) The additional inward and outward traffic of the Mysore Iron and Steel Works during the Second Five Year Plan was to be about 350 tons and 280 tons per day respectively, which is small and can be catered for within the overall provision for rolling stock, line capacity etc. made on the Southern Railway during the Second Five Year Plan. No special steps were therefore necessary in connection with the expansion programme of this Steel Plant. The Southern Railway has been constantly in touch with the developments and minor facilities required at Bhadravati and Birur Station yards have already been provided.

(*Ministry of Railways O.M. No. 58—TT. II/47/1*  
dt. 17-6-61)

The Committee would suggest that with a view to relieving pressure on the South-Eastern Railway the possibility of developing minor ports and/in-land waterways to handle at least a part of the iron and steel traffic might be explored.

This is under consideration in consultation with the Ministry of Transport and the Ministry of Railways.

(*Department of Iron & Steel O.M. No. Parl/7(4)*  
59 dated 16-1-61).

The suggestion has been considered but the Government feel that neither development of inland water transport nor minor ports will help to relieve the pressure on the Railways. The new rail link between Tirilagarh and Sambalpur would partially help. Substantial relief will depend on major decisions that Government may take on the development of Paradip as a major port and the provision of connecting Paradip by rail with its hinterland.

(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 27-1-1961).

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The Committee feel as in the case of export of iron ore that if instead of manganese ore, ferro-manganese, capacity for which is being increased, could be exported, it would not only help in preventing large export of valuable manganese ore but also provide employment to a large number of people in the country in the ferro-manganese manufacturing industry and earn more foreign exchange for the country. The Committee, therefore, recommend that the feasibility of restricting the export of manganese ore and of increasing that of ferro-manganese should be explored.

The recommendation which concerns Govt. as a whole is under consideration.

(Department of Iron & Steel O.M. No. Parl/7(4)/59 dated 6-9-1960).

We are now exporting both manganese ore and ferro-manganese. In manganese ore, we have no monopoly and as such we are not in a position to dictate terms to our buyers.

(Department of Iron and Steel O.M. No. Parl/7(4)/59 dated 16-1-1961).



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The Committee would reiterate the recommendation contained in para 75 of the 39th Report (First Lok Sabha) in which they had suggested that a separate Public Service Commission with slightly different and more flexible rules and procedures might be set up for the purpose of recruitment to posts in the Undertakings in the Public Sector. Meanwhile the Committee would suggest that the existing Selection Committees should be broad based to include prominent non-officials and technical experts from outside so as to create greater confidence in the objectivity of the selections.

The recommendation, which concerns Government as a whole, is under consideration.

[*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 6-9-1960.*]

Government are already associating in existing Selection Committees technical experts. It is the intention to associate the UPSC in Selection Committees constituted for recruitment to superior posts in Government Undertakings.

[*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 16-1-1961*].

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The Committee are surprised to find that in spite of the acceptance by Government of the recommendation contained in para 24(i) and (ii) of their 16th Report (1st Lok Sabha) that unskilled and semi-skilled labour should be recruited mainly from among the local people, the position has not improved in actual practice. They would, therefore, urge that effective steps should be taken for the implementation of these recommendations.

The recommendation, which concerns Government as a whole, is under consideration.

[*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 6-9-1960*].

Recruitment of unskilled and semi-skilled posts in the Projects is made through the local Employment Exchanges. This should ensure that the recruitment is made mainly from the local people.

[*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 16-1-1961*].

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121	265	<p>The Committee suggest that the suggestions (i) that the number of engineers sent or proposed to be sent out for training was too large, and (ii) that instead of foreign training, foreign-instructors could be imported to give training to others in India, might be carefully considered by Government.</p>	<p>The recommendation, which concerns Government as a whole, is under consideration.</p> <p>[<i>Department of Iron &amp; Steel O.M.No. Parl./7(4)/59 dated 6-9-1960</i>].</p>
122	266	<p>The Committee attach great importance to the need for setting up training centres at the respective projects for providing training to various categories of personnel required for manning the projects. They hope that the Training Institutes recommended by the Technical Personnel Training Committee would be set up and arrangements for training made therein as early as possible.</p>	<p>It has been the policy to import instructors wherever possible. But proper training involves in-plant training. The main reason for the deputation of large numbers for training abroad is that the facilities for in-plant training in the country are either not available or limited.</p> <p>[<i>Deptt. of Iron &amp; Steel O.M. No. Parl./7(4)/59 dated 16-1-61</i>].</p>
127	276	<p>The Committee feel that the cost of the Townships is rather high. Further they do not appreciate</p>	<p>The estimates of the townships at Rourkela, Bhilai and Durgapur are comparable. The</p>

why the estimated cost of the townships should vary so largely. They therefore, suggest that this matter as well as the question of high costs of Townships as compared to Chittaranjan and Sindri Townships should be examined further.

estimates for Durgapur are slightly higher due to the higher cost of construction in that area.

The costs of construction prevailing in the steel projects are not exactly comparable with those either at Chittaranjan or at Sindri which were built much earlier. Apart from the rising trend in the cost index when the three steel plants were taken up for construction, almost simultaneously, nearly a decade later, the inadequacy of resources in materials, technicians artisans and labour to cope with the sudden increase in demand is largely responsible for the noticeable difference in cost. Chittaranjan and Sindri Projects were not large enough to strain the available resources materially.

[Department of Iron and Steel O.M. No. Parl./  
7(4)/59 dated 6-9-1960].

### II. 87th Report on General Service Charges at Rourkela Steel Plant

The break-up of the general services, furnished to the Committee in February 1959 did not include 'Administrative Building' which is estimated to cost Rs. 67-93 lakhs.

**This was an omission.**

[Deptt. of Iron & Steel O.M. No. RKL (4)-25/60  
dated 20-7-60].

The explanation furnished by the Government that the estimates were revised in August 1956 'with a view to secure improved operational efficiency and convenience' and that the changes in the scope of work in various items which resulted in increased cost were carefully considered and were

The changes which resulted in the revision of the estimates were approved by the Technical Consultants of the Project and the Ministry, and were undertaken in the interests of efficient operation of the Plant. Certain additional items of equipment had to be provided for and designs

undertaken by the Project after consulting the Consultants, the Consulting Engineer to the Government and the Technical Adviser of the Rourkela Project does not enable the Committee to form any opinion regarding the justification for the increase in estimates.

of certain other items of equipment had to be revised for obtaining better results. This coupled with the general increase in prices of raw materials, etc., resulted in increase in costs.

It may also be pointed out that against the 1956 estimate of Rs. 19.21 crores for General Service Charges, HSL's latest estimate on the basis of contracts concluded is only Rs. 15.85 crores.

[*Deput. of Iron & Steel O.M. No. RKL (4)-25/60 dated 20-7-60*].

The Committee are not in a position to express any opinion in regard to technical matters but considering the magnitude of changes made in the specifications they feel that originally the estimates were not properly prepared. They would also invite a reference in this connection to paragraphs 149-152 of their Thirty-Third Report (Second Lok Sabha) in which they have generally commented upon the increase in estimates of the steel projects due to the various factors.

As the original provision for the administrative and General Superintendent's office buildings (Rs. 65.58 lakhs) itself was more than reasonable for a single project, the further increase of Rs. 14.01 lakhs does not seem to be justified.

This Department's comments on the recommendations contained in paragraphs 149-152 of the Thirty-third Report of the Estimates Committee are being finalised and will be furnished separately.

[*Deput. of Iron & Steel O.M. No. RKL (4)-25/60 dated 20-7-60*].

he latest estimated cost of the administrative building and the General Superintendent's office building is only Rs. 66.68 lakhs. The increase of Rs. 1.10 lakhs over the 1955 estimate is considered reasonable in view of the increases in prices of raw materials and the cost of labour.

[*Deput. of Iron & Steel O.M. No. RKL (4)-25/60 dated 20-7-60*].

In order to make a comparative examination of the rise in estimates of the general services at the three plants, particulars regarding the original as well as revised estimates of the items constituting General Services at Bhilai and Durgapur Projects were also called for. This information was not however furnished. The Committee recommended in paragraph 145 of their 33rd Report (2nd Lok Sabha) that for a proper comparison of the estimates and the actual costs of the three projects, the estimates should be analysed on a uniform basis after making allowance for the differences. Evidently no action has been taken so far in this regard. The Committee reiterate the earlier recommendation and hope that early action would be taken in the matter.

All the information available to this Department regarding the General Service Charges for Bhilai and Durgapur Projects was furnished to the Estimates Committee in this Department's notes dated 19th February 1959 and 19th September 1959. The difficulty in analysing the cost of General Services in the three steel plants on a uniform basis was explained in these notes.

Ministry's comments on the Estimates Committee's recommendation contained in paragraph 145 of the 33rd Report (2nd Lok Sabha) are being finalised and will be furnished separately.

[*Deputy of Iron & Steel O. M. No RKL (4)-25/60 dated 20-7-60*]

## CHAPTER IV

### *Replies of Government that have not been accepted by the Committee\**

S. No. (as in Appendix to the Report)	Reference to para- graph No. in the report	Summary of recommendation/conclusion	Reply of the Government
1	2	3	4

#### I. *Thirty-Third Report on Hindustan Steel Ltd.*

59 126

The Committee feel that all these delays have partly contributed to the high costs of the projects. They would therefore urge the Government and HSPL to take energetic action to ensure that the completion of the projects is not delayed beyond the target dates now fixed.

#### *Further information required by the Study Group:*

A note stating the progress of completion of the various units in the Projects and whether they would be completed within the target dates fixed for them.

(*Lok Sabha Sectt. O.M.No. 33-PU/59 dated 18-2-1961*).

During the last two years the pace of construction has been considerably increased.

[*Department of Iron & Steel O.M.No. Parl./7(4)59 dated 6-9-1960.*]

Construction of all the main units required for the production of a million tons of steel has been completed in Bhilai, Durgapur and Rourkela.

There are some units, the third coke oven battery and the third blast furnace in Rourkela, the third blast furnace, three open hearth furnaces, and the merchant mill in Durgapur on which construction is complete. These units are to be put into operation in step with the following programme.

The target dates for the main units of the Steel works and the actual dates of completion/commissioning are indicated in Appendix III. The main units yet to be commissioned—the cold rolling mills and tinning line in Rourkela and the third coke oven battery and wheel and axle plant in Durgapur—will be ready for commissioning by/during the third quarter of this year.

[*Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated 24-7-1961, 19-8-1961 and 26-5-62.*]

Accepted.

[*Department of Iron & Steel O.M. No. Parl./7(4) 59 dated 6-9-1960*].

9

A statement setting out the expenditure in all the three steel plants in as comparable a form as possible is under preparation and will be placed before Parliament as early as possible.

[*Department of Iron & Steel O.M. No. Parl./7 (4)/59 dated 16-1-1961*].

The Committee suggest that a comprehensive statement showing the estimates of all the items of expenditure connected with the three steel Projects should be prepared and presented to Parliament at an early date.

*Further information required by the Study Group :*

A statement showing the final estimates of cost of the three Steel Plants may be furnished to this

The matter regarding estimates of the cost of the three steel plants is under consideration and

\*For Committee's comments, please see chapter I.

Secretariat as early as possible for the information and use of the Estimates Committee.;  
(*Lok Sabha Sectt. O.M. No. 33-PJ/59 dated 28-10-61.*)

a further communication will follow.  
[*Deptt. of Iron & Steel O.M. No. Parl./7(4)/59 dated 26-5-62.*]

67 145 The Committee feel that it is necessary for proper comparison of the estimates and the actual costs of the three projects that the estimates should be analysed on a uniform basis. They are aware that although the capacity expressed in terms of crude steel is about the same in the three plants, viz., one million tons, the plants differ considerably otherwise, but they feel that an analysis could broadly speaking be prepared on a comparable basis after making allowance for such differences. In this connection reference is also invited to para 215 of the Seventh Report of the P.A.C. (and Lok Sabha).

Noted.

[*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 6-9-1960.*]

A statement setting out the expenditure in all the three steel plants in as comparable a form as possible is under preparation and will be placed before Parliament as early as possible.

[*Department of Iron & Steel O.M. No. Parl./7(4)/59 dated 16-1-1961.*]

68 146 The Committee feel that in view of the expansion of the iron and steel plants in the private sector in the country, it would facilitate an assessment of the cost of the public sector projects if the expenditure incurred on the former especially on similar and comparable units could be ascertained and included in the analysis of costs suggested in para 145.

The matter regarding the estimates of the cost of the three steel plants is under consideration and a further communication will follow.

[*Min. of Steel and Heavy Industries Deptt. of I. & S. O.M. No. Parl./7(4)/59 dated 26-5-62.*]

69 149 The Committee would suggest that the estimates of the projects might be re-assessed and the difference explained properly.



1	2	3	4
2	6	<p>II. 87th Report on General Service Charges at Rourkela Steel Plant.</p> <p>The Committee are unable to understand how, Messrs. Indien-Gemeinschaft Krupp-Demag if the increase in the estimates of each item constituting general services at Rourkela, due to each of the four factors mentioned in paragraph 5 of the Report is not available, the total increase for the Rourkela Plant attributable to the same factors was computed and furnished earlier. They regret to note that the information called for was not furnished in this case.</p>	
		<p>the increase in the estimates on account of the four factors mentioned in the report only in respect of the total costs. Such break-up was not given against each unit of plant/work.</p>	
		<p>[Deptt. of Iron &amp; Steel O.M. No. RKL (4)-25/60 dated 20-7-60]</p>	

## CHAPTER V

*Recommendations in respect of which final replies of Government have not been received*

Serial No. (as in the Appendix to the Report)	Reference to Paragraph No. in the Report	Summary of recommendation/conclusion	Reply of the Government
1	2	3	4
		<i>Thirty-Third Report on Hindustan Steel Ltd.</i>	
4	12	The Committee feel that it is always desirable that negotiations for agreements etc. should be conducted by a negotiating Committee of officials and non-officials and experts instead of singly by officials. They would also like to reiterate the recommendation contained in para 24 of their 16th Report (1st Lok Sabha) that there should be a specialised machinery within the Government to scrutinise carefully agreements before they are signed.	The recommendation, which concerns Government as a whole, is under consideration.  [Department of Iron and Steel O.M. No. Parl /7 (4)/59 dated 6-9-1960].
10	30	(f) The Committee feel that the Government would do well to define in broad terms the qualifications of the Chairmen and Members of the Boards of Directors of Industrial Undertakings in the Public Sec-	The recommendation, which concerns Government as a whole, is under consideration.  [Department of Iron and Steel O.M. No. Parl /7(4)/59 dated 6-9-1960].

tor in the country, as is the practice in U.K.

(ii) Keeping in view the task to be performed and the requirements therefor, the members of the Board of Directors might be drawn from a wider sphere than at present and that more technical experts and experienced men from public life and from various non-official sources be appointed to the Board, though care would have to be taken that no one with a direct interest in the same industry in the private sector is appointed.

(iii) The terms of service of the Directors might be so framed as to attract capable men.

11	31	The Committee suggest that Government might consider whether it is feasible in the case of HSPL and other nationalised undertakings to adopt the principle suggested by the Advisory Committee of the National Coal Board of U. K. that the non-official directors on the Board should have the right of access to the Minister if they wish to draw his attention to any matter of importance affecting the industry.	The recommendation, which concerns Government as a whole, is under consideration. [ <i>Department of Iron and Steel O.M. No. Parl</i> /7 (4)/59 dated 6-9-1960].
17	40	The Committee recommend that the circumstances in which the Government might intervene in the	The recommendation which concerns Government as a whole, is under consideration.

affairs of the Company should be clearly specified and that, except in such circumstances, the responsibilities of the company with regard to the Projects should be specific and unambiguous.

[Department of Iron and Steel O.M. No. Parl/7  
(4)/59 dated 6-9-1960].

19                   43       The Committee feel that it might be advisable for the Board to have a larger number of Committees for different purposes with different but specific membership instead of one multipurpose Committee.

**Noted.** Government have asked the Hindustan Steel Limited to consider this suggestion.

20 In the new Committees, the non-official Directors might be given an active part to play by making them chairmen of some of the Committees. By this arrangement all the members of the Board would be associated with the work of the Board in one way or the other so that they might bring to bear on the subjects they deal with greater experience and, therefore, better judgment.

[Department of Iron and Steel O.M. No. Perl17  
(4)]59, dated 6-9-1960].

24 The Committee suggest that there might be a  
49 local Board of Management for each project  
which could function independently on all  
local matters. It might consist of the General  
Manager and all the heads of Departments of  
the project. The central coordination for all  
the Projects might continue to be provided by

The proposal has been considered. The position today is that sufficient powers have been delegated to the General Managers. They in fact exercise these powers in consultation with their Heads of Departments. This has been working fairly satisfactorily. The Hindustan Steel is considering whether

the Board of Directors of the Hindustan Steel (P) Ltd. which might deal mainly with policy questions, matters of common interest, provision of Finance, observance of the Company Law requirements, etc.

the existing arrangements should be formalised. Formalisation may present its own difficulties.

[Department of Iron and Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].

While undertaking a reorganisation, the organisation of the Gas Council and the Area Gas Boards in U.K. or alternatively of the National Coal Board of U.K. might also be examined with a view to seeing to what extent it could serve as a model for the set-up of the H.S. (P) Ltd.

The rise in the estimated cost of the Rourkela Plant due to shifting of sites for the various units is about Rs. 2.62 crores. The Committee feel that the matter requires thorough enquiry with a view to fixation of responsibility as to why the site had to be shifted and what was the extra expenditure which was incurred due to the shifting of the site, apart from the extra cost involved in the increased rock excavation work.

The delay in placing the contracts for civil engineering work at Rourkela is stated to have been due to the non-receipt of detailed plans. These delays have contributed to the delay in the time schedule of the Rourkela Project. The Committee feel that the question of levying an appropriate penalty on those who were responsible for the delay should be considered.

Noted. This is under consideration.

[Department of Iron and Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].

This is being enquired into.

[Department of Iron and Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].

Action is being taken by Hindustan Steel in accordance with the terms of the relevant contracts.

[Department of Iron and Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960].

1	2	3	4
65	139	<p>The decision to peg the capital of Hindustan Steel (P) Ltd. to Rs. 300 crores and to treat the balance of the expenditure on the steel plants as a loan from Government to the H.S.P.L. while helping to keep down the prices of steel products somewhat artificially might not be in accordance with commercial practice. The Committee would, therefore, suggest that the entire procedure should be examined carefully before a final decision is taken.</p>	<p>In the light of the Committee's observations in para 139, Hindustan Steel has been asked to examine in consultation with their Auditors each item of expenditure during construction in order to determine what should be capitalised.</p> <p>[<i>Department of Iron and Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960</i>].</p>
125	273	<p>The Committee would suggest that the feasibility of introducing the scheme of participation of labour with management in the new Steel Projects might be considered as early as possible.</p>	<p>The recommendation, which concerns Government as a whole is under consideration.</p> <p>[<i>Department of Iron and Steel O.M. No. Parl/7 (4)/59 dated 6-9-1960</i>].</p>

NEW DELHI;  
31st August, 1962  
Bhadra 9, 1884 (S)

H. C. DASAPPA  
*Chairman,*  
*Estimates Committee*

## APPENDIX I

[*Vide* S. No. 82 in Chapter II]

*Copy of Office Memorandum No. 10/3/60-Inst. dated the 15th October, 1960 from the Ministry of Commerce and Industry (Department of Company Law Administration) to the Lok Sabha Secretariat, New Delhi.*

SUBJECT:—*Para 168 of 33rd Report and para 68 of the 55th Report of the Estimates Committee (Second Lok Sabha).*

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With reference to para 168 of the 33rd Report of the Estimates Committee on the Ministry of Finance, Department of Expenditure, the undersigned is directed to say that the points raised by the Estimates Committee in the above Report were examined in this Department in June, 1959. The subject matter generally of para 168 of the 33rd Report was raised also in para 68 of the 55th Report of the Committee on the Ministry of Finance (Department of Expenditure). A detailed note indicating the major steps that this Department has already taken for adequate recognition of the importance of cost accountancy as a profession and for imparting training to Government personnel was prepared and sent to the Ministry of Finance on the 13th June, 1960. As desired by the Ministry of Finance, a copy of the note is forwarded to Lok Sabha Secretariat for information.

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*Note referred to in the Department of Company Law Administration office  
Memorandum No. 10/3/60-Inst. dated the 15th October 1960 to Lok  
Sabha Secretariat.*

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**SUBJECT:—***Fifty-fifth Report of the Estimates Committee on the Ministry of Finance (Department of Expenditure) Recommendation regarding measures for increasing the output of Cost Accountants in the country.*

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Reference is invited to Ministry of Finance U.O. No. F. 10(9)-E (Coord) /59 dated the 9th June, 1959. While any substantial increase in the supply of trained personnel in Cost Accountancy will take some time, certain steps have been taken by this Department in promoting Cost Accountancy as a profession so that it might attract more candidates and might also assume the responsibilities for the maintenance of requisite standards of professional qualifications which are needed to improve productive skill and industrial management. These are detailed below:—

- (i) In order to meet the existing shortage of trained Cost Accountants for the growing needs of industrial undertakings in the public sector to which attention was drawn in previous years by the Estimates Committee, a short term training scheme for the benefit of the technical and financial officers of Government, of State Undertakings and the industries sponsored or aided by Government was taken up in consultation with the Finance Ministry and the Planning Commission. An inter-Ministry Meeting was held on the 18th September, 1956 to discuss the plan for development and regulation of the profession. While there was general agreement that further recruitments from the open market for the cost accounting services specially in the Gazetted and superior subordinate ranks should be limited to qualified Cost Accountants, it was felt that the existing deficiency of qualified Cost Accountants could be met suitably and quickly by imparting a prescribed course of training to the existing staff in the public sector undertakings who were not qualified Cost Accountants. It was, therefore, decided in consultation with the Ministries to start a training scheme under the aegis of the Institute of Cost and Works Accountants, Calcutta. The details of the scheme will be seen from a copy of the scheme enclosed. The Institute was accordingly asked to make necessary arrangements for imparting training to the trainees sponsored by the various Ministries. The training of the first batch was started on the 1st of August, 1957 and since then four batches of trainees comprising of persons from Central and State Governments including the various undertakings under their administrative control have completed the prescribed training. A fifth batch is now under training which will be completed in the first



week of September next. A statement showing the number of trainees in each batch who were sponsored for training under the scheme is enclosed from which it will be seen that with the completion of the training of the Fifth Batch, a total of 298 persons will have received training in the elements of Cost Accountancy. The majority of trainees so far sponsored seems to be drawn from various Departments of the Government and comparatively lesser number of persons have been deputed for training from Government Companies. This Department hopes that now that the Institute of Cost and Works Accountants, Calcutta, has been placed on a statutory footing by the passing of the Cost and Works Accountants Act, 1959, the Ministries will increasingly avail themselves of the opportunity of having more persons employed on Costing work in Government Companies, trained up under this scheme.

(ii) The question of development and recognition of the profession of Cost Accountants was carefully considered last year in consultation with the various Ministries concerned and the Council of the existing Institute at Calcutta, and the consensus of opinion was that the profession should be organised on a statutory basis on the lines of the Institute of Chartered Accountants of India. As a first step towards the reorganisation of the profession, Government accorded administrative recognition to the then existing Institute at Calcutta in November, 1956, pending the enactment of necessary legislation for the setting up of a statutory body of Cost Accountants. Subsequently the Bill to regulate the profession of Cost Accountancy was passed by the Parliament in the last Budget Session and the Cost and Works Accountants Act which gives statutory recognition to the Institute has been brought into force with effect from the 28th May, 1959. With the statutory recognition of the profession, it is expected that more persons will take up this profession considering the increased scope for Cost Accountants in the context of the increasing tempo of industrialisation. The statutory Institute is expected to devote in due course thought to ways and means of providing facilities for training for entrants to the profession.

(iii) In order that Government Servants who have completed the Examinations of the Institute of Cost and Works Accountants may have opportunity for practical training so as to become full-fledged Cost Accountants we have requested all State Governments and Central Ministries to transfer such persons to such establishments or Government Companies which are under their administrative control and which can provide training in Cost Accountancy. Some of the Ministries have already indicated their willingness to accept such transfers for the purpose in Companies under their charge. The response from the other Ministries having large scale industrial undertakings under their control is expected to be favourable.

2. It will, therefore, be seen from the above that this Department has already taken certain major steps for adequate recognition of the importance of Cost Accountancy as a profession and for imparting training to Government personnel.

*Extract of Letter No. 10(3)-Inst/56, dated 8th July, 1957 from Shri N. Parasuraman, Under Secretary, to the Government of India, Ministry of Finance, Department of Company Law Administration, New Delhi, to the President, Institute of Cost and Works Accountants, 12, Sudder Street, Calcutta.*

**SUBJECT.—***Scheme for training in Cost Accountancy.*

Sir,

I am directed to refer to the correspondence resting with your D.O. dated the 6th March, 1957 on the above subject, and the subsequent discussions between the officers of the Finance Ministry and yourself. The Government of India have now decided to implement the scheme for training in Cost Accountancy of officers of Government and of other State undertakings and industries sponsored or aided by Government as outlined in the scheme attached. I am to request the Institute to make the necessary arrangements initially for the training of one batch of trainees with effect from the 1st August, 1957 on the following terms and conditions:

- (i) the institute will arrange for three courses of training, the duration of each course being as follows:

Course A	.	.	.	.	3 months.
Course B	.	.	.	.	4 1/2 months.
Course C	.	.	.	.	4 1/2 months.

The Syllabi and programme of training for each of the three courses will be as laid down in the scheme and its appendix. In addition, the Institute may also consider the desirability of including if possible lectures on the following subjects in the various courses:—

- (a) Project organisation.
- (b) Public Works System of Accounts.
- (c) Preparation of project estimates, muster rolls, pay-bills, vouchers, stock issue statements, etc.
- (d) The method of costing according to Public Works Accounts Code.
- (e) Determination of items of work (with sub items) commonly costed in river Valley Projects.

\*       \*       \*       \*       \*       \*       \*

\*       \*       \*       \*       \*       \*       \*

- (iii) The Central Government will have no objection to the Institute accepting trainees under this scheme for from non-Governmental sources also subject to the condition that the training as outlined in the scheme is not varied without the approval of Government, and fees on the same scales as sanctioned under this scheme are realised in respect of them also,

- (iv) The Ministries concerned and the Comptroller and Auditor General will be responsible for payment direct to the Institute the following fees in respect of the trainees sponsored by them:—

*Original Revised.*

For Course A Rs. 1100/ Rs. 700/- Per trainee  
 For Course B Rs. 850/- Rs. 600/- Per trainee  
 For Course C Rs. 650/ Rs. 600/- Per trainee.

The rate of fees since revised have been quoted against the fees above:

The above rate of fees will be subject to suitable reduction in consultation with the institute, in the light of the estimates of cost given in your D.O. letter dated the 11th March, 1957, the arrangement actually made for the implementation of the scheme and the numbers actually trained. Fifty per cent of the fees will be payable in advance i.e. by the 1st week of August 1957, and the balance at the conclusion of the training course.

- (v) The Institute will be responsible for engaging sufficient number of experienced cost accountants etc., required for lecturing and tutorial work and for ensuring adequate control and supervision of the trainees.

- (vi) At the conclusion of the training, the Institute will send the results of the oral and written examinations together with reports on the work of each individual trainee in the factories as well as those of their tutors to the respective sponsoring authorities, with a copy to the Department of Company Law Administration.

2. It is presumed that this scheme will be implemented by the Training and Educational Facilities Committee of the Institute under the directions of the Council. Being the first scheme of its kind, it is suggested that for the duration of this scheme at any rate, the Committee may work under the chairmanship of the President of the Institute.

3. A complete list of the books prescribed by the Institute for each of the three courses together with the cost of each book and the source from which they are obtainable may please be furnished to this Department urgently so that the same may be communicated to the authorities sponsoring the trainees for making the necessary purchases. The stationery required by the trainees would however be provided by the Institute.

4. The particulars of the reading material for the pre-training study referred to in para 5 of the scheme may also please be sent to this Department urgently. The officer-incharge of the training scheme to whom the trainees should report themselves on arrival at Calcutta, may please be intimated by return post.

5. I am to add that Government have under consideration the question of continuing the scheme for one or more batches of trainees and it is hoped to finalise the arrangement in this behalf in the course of the next three

months. As soon as final decision is taken, the Institute will be informed of the details in regard to the number proposed to be sponsored for training etc.

6. Government are separately considering the request of the Institute for a reasonable grant to meet a part of the expenditure to be incurred initially by the Institute in purchasing the necessary office equipment etc. for the training scheme, and a separate communication will follow in due course.

7. I am to request you to confirm that it will be possible for the Institute to start the training classes with effect from the 1st August, 1957. The acceptance by the Institute of the terms and conditions stipulated in para 1 above may also please be confirmed.

*Scheme for training in Cost Accountancy of Government Officers and of other State undertakings and industries sponsored or aided by Government.*

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1. *Introductory.*—In view of the growing importance of Cost Accountancy in industrial management in this country and the increasing interest taken in Parliament in this matter during the last two years, Government have recently accorded administrative recognition to the Institute of Cost and Works Accountants, Calcutta. Any substantial increase in the supply of trained personnel in Cost Accountancy will necessarily take some time. Meanwhile, in order to meet the existing shortage of trained cost accountants, for the growing needs of industrial undertakings in the public sector to which pointed attention was drawn some time ago by the Estimates Committee, some temporary measures have been recently considered by Government. These measures are intended to provide a short-term training scheme for the benefit of the technical and financial officers of Government, of State Undertakings and industries sponsored or aided by Government. While there is general agreement that further recruitment from the open market for the Cost Accounting services, specially in the Gazetted and Superior subordinate ranks, should be limited to qualified Cost Accountants, it is felt that the existing deficiency should be met by quickly and suitably training the existing staff, such as it is, to make them more useful. A Sub-Committee of Officers appointed by Government have gone into this question in consultation with the Ministries interested in the matter, and based on the recommendations of that Sub-Committee, it has been decided to start a training scheme under the aegis of the Institute of Cost and Works Accountants, Calcutta. The details of the scheme are given in the succeeding paragraphs.

2. *Course.*—There will be three separate courses of Training suitable for three different categories of officers, as indicated below:—

(A) Course A—3 months. Intended for Gazetted Officers, and Officers of equivalent status, who are not qualified Cost Accountants but may have passed some departmental examinations in accountancy and have some experience of cost accounting work.

(i) *Practical training.*—The Institute will make suitable and adequate arrangement for Practical Training of officers in suitable factories in and around Calcutta for a period of about 3 months. In this part of the course the trainees will not merely be taken round on 'conducted tours' of the establishments but will be made to closely study the performance of the costing operations so as to give them actual and varied experience of the costing system of the factory to the maximum extent practicable.

(ii) *Theoretical training.*—Simultaneously with practical training, the officers should be put through an intensive course of lectures, discussions and tutorials. Throughout the period of training the officers should be expected to attend the library of the Institute for a certain specified time during the

day and do such reading as may be prescribed by their tutors. For the first ten weeks they should be given series of lectures on selected subjects, say 2 lectures every evening and tutorial classes should be held for small batches every alternate day. During the next 10 days group discussions should be held to consolidate the theoretical knowledge gained at the lectures and the practical experience gained at the factories. It is, however, open to the Institute to make necessary adjustments in the above programme within the overall limits.

(iii) *Examination*.—During the last 3 or 4 days of training the trainees should be given written and oral examination designed to test knowledge of both theory and practice and the results of this examination together with reports on their work in the factories as well as those of their tutors should be sent to Government.

(B) *Course B*.—4 1/2 months. Intended for those belonging to the subordinate services, who are not qualified Cost Accountants, but have either other accountancy qualifications or have some working knowledge of Cost Accounts. The trainee material in this category would essentially be the same as in for Course A; they would therefore require the same type of training but in their case instructions will have to start at a lower level and will therefore have to be more extensive.

(i) *Practical training*.—They will also be given suitable practical training in selected establishments in and around Calcutta on the same lines as for Course A, the difference being:

(a) The training will extend to about 4 1/2 months.

(b) They will be made to perform each costing operation for a longer period so as to give them not only experience but also some practice.

(ii) *Theoretical training*.—This will be organized in the same way as for Course A, though the subjects for lectures would be somewhat different and the scope of the lectures somewhat wider. They will be given exercises to do so as to check on their library reading, the library time being suitably adjusted to enable them to do the exercises, the home work being checked and corrected during the tutorial classes. It is however, open to the Institute to make necessary adjustments in the above programme within the overall limits.

(iii) *Examination*.—At the end of the course they will also be made to take an examination, both written and oral and the results together with reports on their work in the factories as well as those of their tutors will be sent to Government.

(C) *Course C*.—4 1/2 months. Intended for clerical staff employed or to be employed on costing, and having practically no previous knowledge of costing or accountancy. Their training will be designed to equip them for the maintenance of the basic costing records and the compilation of costing data, and to give them an intelligent understanding of the more or less routine operations they have to perform.

(i) *Practical training*.—The Institute will make suitable arrangement for practical training in factories and workshops for 4 weeks. These establishments need not be at Calcutta. The trainees will be required to attend

for the whole day and not only should the various processes be explained to them, if possible, each trainee should be employed on different items of cost accounting work for 3 or 4 days, at a time, either in replacement or duplication of the staff employed in the establishment as may suit the management.

(ii) *Theoretical training*.—The training will be spread over a period of 4½ months and so arranged as to allow for visits to factories referred to in (i) above at convenient intervals. Besides, lectures and tutorial classes, discussions will be held to consolidate the practical experience gained at the factories and to clear up any points of doubt. Typical cost records will be circulated to them and discussed in special classes. It is, however, open to the Institute to make necessary adjustments within the overall limits.

(iii) *Examination*.—The course will conclude by an examination both written and oral and results thereof together with the reports on their work in the factories forwarded to Government.

3. *Arrangements for practical training*.—In regard to the selection of factories and workshops for imparting practical training, it is suggested that as far as possible the establishments should include Electrical and Mechanical Engineering Industries with special reference to repair costing, shipping, ship-building and ship repairs, ordnance factories, electrical undertakings and iron and steel works. The establishments selected should preferably be such as have a good system of Cost Accounting in vogue, and the Institute will make arrangements for its own officers to frequently visit the training establishments and ensure the proper functioning of the scheme. Lastly, the details of the programme of training should be worked out and settled beforehand, in consultation with the managements of the establishments selected.

4. *Syllabus*. The detailed syllabus for each of the three courses are given in the Appendix and is subject to such modifications as Government may suggest in consultation with the Institute in the light of experience gained.

5. *Pre-training study*.—In order to ensure that the personnel deputed for training have the minimum basic knowledge necessary to enable them to follow the somewhat intensive course of training envisaged in the scheme, a certain minimum amount of reading will be prescribed which the persons selected will be expected to do in their spare time before they actually proceed for training under the scheme. This preliminary preparation would be well worthwhile.

6. *The Private Sector*.—The scheme is primarily designed to meet the immediate minimum requirements of Government Departments, State undertakings and industries sponsored or aided by Government. But there will be no objection to the scheme being extended to candidates from non-Governmental sources subject to the condition that the training as outlined in the scheme is not varied without the approval of Government.

7. *Trainees' pay and allowances*.—The question of pay and allowances to be allowed to the trainees and the administrative arrangements to be made to relieve them for training, are matters to be decided by the sponsoring authorities concerned on the merits of each case. It should however be noted that it will not be feasible to post the staff to some offices in Calcutta and to

expect them to take the training in addition to their normal work, as in that case, not only will training suffer but there will be no incentive for application to studies. The staff should therefore be entirely relieved of their normal work during the period of training, and while they are so relieved should be treated as on duty. Normally no relief is allowed in respect of staff deputed for training. But considering the acute shortage of staff in cost accountancy cells and the importance of the work, it may be found necessary to fill up these posts wherever necessary. During the period of training the staff should be allowed by the sponsoring authorities T.A. and D. A. admissible to them under the ordinary rules.

## SYLLABUS

### *Course A*

*Gazetted Officers.*—Passed Departmental Examination in Accountancy and having some Cost Accountancy Experience.

One lecture—Introduction

*Six Lectures on Materials*

(a) Receipt and Issue of Materials, Buying Department, Inspection Storing, Bin Card, Stores Ledger, Requisitions, Pricing of Issues, disposal of surplus materials.

(b) Accounting, Materials Statement or Analysis, Cost Journal, Cost Ledger.

*Five Lectures on Labour*

(a) Bases of Wage Fixation, Time Rate, Piece Rate, Premium Bonus Systems.

(b) Attendance and allocation of Labour, Idle Time, Overtime, Holiday with Pay, Labour Turnover.

(c) Accounting, Labour Statement or Analysis, Cost Journal, Cost Ledger.

*Five Lectures on Overhead Charges*

(a) Explanation of and General Discussion on Overhead Charges, Indirect Labour and Materials and their effect on Cost of Production Rates to be revised from time to time.

(b) Factory Overheads.

(i) Direct Methods of Allocation.

(ii) Indirect Methods of Allocation—Materials, Wages, Labour Hours

(iii) Machine Hour Rate.

(c) Selling and Distribution and Administration Overheads.

Base of Allocation, Cost of Production, Selling Price, etc.

Accounting, Cost Journal, Cost Ledger, The case of work in progress.



### 10. *Ten Lectures on Methods*

**Job, Unit, Multiple, Process, Budgetary Control and Standard Costing, Uniform Costing.**

**Marginal Costing, Experiments, Rejection and Wastes, Presentation of Information to Management, Joint Products and Bye-Products, Depreciation, Obsolescence. Interest on Capital, Mechanised Accounting Integration and Reconciliation of Cost and Financial Accounts.**

Additional lectures will also be delivered on the following subjects:

Production Planning . . . . .	2
Cost Control . . . . .	2
Organisation Planning etc. of Project and Project Costing . . . . .	6
Engineering . . . . .	5
<b>TOTAL LECTURES . . . . .</b>	<b>42</b>

NOTE.—Lectures will be supplemented by Tutorial Work. There will also be visits to factories to learn the practical application of principles and processes dealt with in the classes. A report will be submitted by each student at the conclusion of visits to a factory and the report will be fully discussed with him.

## SYLLABUS

### *Course B*

Subordinate Service Officers—Having Accountancy qualifications or some working knowledge of Cost Accounts

*One Lecture on Introduction.*

*Six Lectures on Materials*

(a) Receipt and Issue of Materials, Buying Department, Inspection Storing, Bin Card, Stores Ledger, Requisition, Pricing of Issues, Disposal of surplus materials.

(b) Accounting, Materials Statement or Analysis, Cost Journals, Cost Ledger.

*Six Lectures on Labour*

(a) Bases of Wage Fixation, Time Rate, Piece Rate, Premium Bonus Systems.

(b) Attendance and Allocation of Labour, Idle Time, Overtime, Holiday with Pay, Labour Turnover.

(c) Accounting, Labour Statement or Analysis, Cost Journal, Cost Ledger.

*Eight Lectures on Overhead charges*

(a) Explanation of and General Discussion on Overhead Charges, Indirect Labour and Materials and their effect on Cost of Production Rates to be revised from time to time.

(b) Factory Overheads.

(i) Direct Methods of Allocation.

(ii) Indirect Methods of Allocation—Materials, Wages, Labour Hours

(iii) Machine Hour Rate.

(c) Selling and Distribution and Administration Overheads.

Base of Allocation : Cost of Production, Selling Price, etc.

(d) Accounting, Cost Journal, Cost Ledger, The case of work-in-progress.

*Ten Lectures on Methods*

Job, Unit, Multiple, Process, Standard Costing.

Marginal Costing, Experiments, rejections and Wastes, Joint Products and Bye-Products, Depreciation, Obsolescence, Interest on Capital.

Additional lectures will also be delivered on the following subjects :

Production Planning	.	.	.	2
Cost Control	.	.	.	2
Organisation Planning etc. of				
Project and Project Costing	.	.		6
Engineering	.	.	.	5
TOTAL LECTURES	.			<u>46</u>

NOTE.—There will be more intensive tutorial work. There will also be visits to factories as in the case of Course A.

SYLLABUS  
COURSE C.

*One Lecture on Introduction**Eight Lectures on Book-keeping and Accounts*

Principles of Double Entry Accounts, Assets and Liabilities Books of Account—Cash Book Journal and Ledger, Manufacturing Accounts, Trading Account, Profit and Loss Account, Profit and Loss appropriation Account, Balance Sheet, Income and Expenditure Account, Receipts and Payments Account.

*Six Lectures on Materials*

(a) Receipt and Issue of materials, Buying Department, Inspection, Soring, Bind Card, Stores Ledger, Requisition, Pricing of Issues, Disposal of Surplus materials (II, IV, VI).

(b) Accounting, Materials Statement or Analysis, Cost Journal, Cost Ledger.

*Eight Lectures on Labour*

- (a) Bases of Wage Fixation, Time Rate, Piece Rate, Premium Bonus Systems.
- (b) Attendance and Allocation of Labour, Idle Time, Overtime, Holiday with Pay.
- (c) Accounting, Labour Statement or Analysis, Cost Journal, Cost Ledger.

*Eight Lectures on Overhead Charges*

(a) Explanation of and General Discussion on Overhead Charges, Indirect Labour and Materials and their effect on Cost of Production, Rates to be revised from time to time.

(b) *Factory Overheads :*

(i) Direct Methods of Allocation.

(ii) Indirect Methods of Allocation—Materials, Wages, Labour Hours

(c) Selling and Distribution and Administration Overheads.

Base of Allocation : Cost of Production, Selling Price, etc.

(d) Accounting, Cost Journal, Cost Ledger, The case of work-in-progress.

*Eight Lectures on Methods*

Job, Unit, Multiple, Process, Standard Costing.

There will be no detailed discussions of these subjects.

Covering Marginal Costing, Depreciation, Obsolescence and Interest on Capital.

Additional lectures will also be delivered on the following subjects:

Production Planning . . . . .	2
Cost Control . . . . .	2
Organisation Planning etc. of	
Project and Project Costing .	6
Engineering . . . . .	5
<b>TOTAL LECTURES</b>	<b>54</b>

NOTE.—There will be a larger number of tutorial classes but the level of teaching will be lower than that in the case of Course A or Course B.

There will be visits to two or three factories and students' Reports after visits to a factory will be dealt with in the same way as in the case of Course A and B.

*Copy of O.M. No. 10(a)(2) INST/57, dated the 21st December, 1957, from Govt. of India, Ministry of Finance, Department of Company Law Administration, Reserve Bank Building, Parliament Street, addressed to Ministry of Irrigation & Power etc.*

## OFFICE MEMORANDUM

**SUBJECT :—Scheme for Training in Cost Accountancy—Second Batch**

The undersigned is directed to refer to this Department's endorsement of even number and date on the above subject, and to forward herewith a list of the text books prescribed for the trainees in all the three courses together with the prices of each. The books bought for and handed over to the trainees in the first batch were also the same as those included in the said list. It is understood from the Institute that the trainees have been allowed to take away the books with them after completion of their training. As these books are reported to be not easily available in the market, it is suggested that the Ministries may take necessary action, to the extent possible, to obtain the books from the trainees sponsored by them in the first batch and make them available to their trainees in the second batch. Where, however, additional sets would still be required for any of their trainees in the second batch, they are requested to inform the Institute immediately of their requirements so that it can place orders with the local booksellers. If sufficient number of copies of any of the books are not locally available, the only alternative will be to place orders on the publishers in England or America, as the case may be, but in that case the expenditure incurred on postage etc. will have to be borne by sponsoring authorities in addition to the actual cost of books. The Ministries are, therefore, requested to reduce their demands for these books to the maximum extent possible by making use of the books bought to their trainees in the first batch. All communications in regard to the requirement of text books should be addressed to Shri N. Sardar, Director-in-charge of Training, Institute of Cost and Works Accountants, 12, Sudder Street, Calcutta-16.

2. As regards pre-training study referred to in para 5 of the Training Scheme forwarded with this Department's endorsement No. 10(3)-Inst./56 dated the 8th July, 1957, the trainees may be advised to read up, to the extent the available time permits, the chapters on 'Labour' and 'Materials' from the book 'Cost Accounts' by Bigg. It will be observed that this book is included in the list of prescribed test books referred to in the preceding paragraph. It is understood that this book is generally available in the market.

3. In view of the position stated in para 1 above, the sponsoring authorities would be well advised to instruct the trainees in the second batch to leave the text books given to them with the Institute before they return to their parent offices after the completion of training.

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### *Information regarding Hotel Accommodation Charges in Calcutta*

(For Trainees in Courses B & C only)

1. *Indian Hotel*, 62 Mirzapore Street, Calcutta-9.
2. Seater Rooms with 2 meals Rs. 120/- per head.

2. *Calcutta Hotel*, 124/A Bowbazar Street, Calcutta-12.  
2 Seater Rooms . . . . . About Rs. 165 per head
3. *Ideal Home*, 63/2A, Mirzapore Street, Calcutta-9.  
2 Seater Rooms . . . . . About Rs. 120 per head
4. *Indira Mahal*, (Madras Boarding & Lodging), 35, Tarachand Dutt Street, Calcutta.  
4 Seater Rooms . . . . . Rs. 120 per head.
5. *Kamala Vilas*, (South Indian Style), 73, Rash Behari Avenue, Calcutta-26.  
3 Seater Rooms . . . . . Rs. 150 per head.
6. *Hotel Plassey*, 127A, Bowbazar Street, Calcutta-12.  
2 Seater Rooms . . . . . About Rs. 80 per head
7. *Paradise Lodge*, (PARADISE LODGE), 10 Panchu Khansama Lane, Calcutta-9.  
2 Seater Rooms . . . . . About Rs. 80 per head.
8. *Bharat Hotel* (Marwari), Harrison Road, Calcutta-7, Near State Bank of India, Burrabazar Branch.  
2 Seater Rooms . . . . . About Rs. 120 per head.

**NOTE :—**

The above only gives information regarding the charges of accommodation in some of the well-known Hotels and Lodges in the City. It is, of course, to be noted that availability of accommodation is uncertain without advance reservation.

*List of Text Books prescribed for Trainees*

Course	Name of the book	Author	Publishers	Price (Approx.)
A	'Cost Accounting & Costing Methods'	Wheldon	Macdonald & Evans	Rs. nP
	'Cost Accounting'	Lawrence	McGraw-Hill	15.00
	'Cost Accounts'	Bigg	Macdonald & Evans	34.50
	'General Engg. & Workshop Practice'	Odham's	Odham's	13.00
				15.50
B	'Cost Accounting & Costing Methods'	Wheldon	Macdonald & Evans	78.00
	'Cost Accounts'	Bigg	Macdonald & Evans	15.00
	'General Engg. & Workshop Practice'	Odham's	Odham's	13.00
	'Works Organisation, Management & Cost Control'	Batliboi		15.00
	Question Papers of I.C.W.A. (Inter & Final)		I.C.W.A.	13.09
				5.00
C	'Cost Accounting Methods'	Wheldon	Macdonald & Evans	96.59
	'Cost Accounts'	Bigg	Macdonald & Evans	15.00
	'General Engg. & Workshop Practice'	Odham's	Odham's	13.00
	'Works Organisation, Management & Cost Control'	Batliboi		15.50
	'Book-keeping & Accountancy'	Banerjee	Banerjee & Co.	13.09
	Question Papers of I.C.W.A. (Inter & Final)		I.C.W.A.	10.50
				5.00
				72.09

*Copy of Office Memorandum No. 10A(3)-Inst/58 dated the 15th December, 1958, from Shri T. S. Menon, Under Secretary, Department of Company Law Administration, Ministry of C & I, New Delhi, addressed to all Ministries/Departments of Government of India*

**SUBJECT :—Scheme for Training in Cost Accountancy—4th Batch of Trainees**

The undersigned is directed to refer to this Department's Office Memorandum No. 10A(2)-Inst/57 dated the 21st December, 1957, copy of which was enclosed with this Department's letter No. 10A(3)-Inst./58 dated the 3rd October, 1958, on the above subject and to state that the sponsoring authorities are reported to have not intimated to the Institute requirements of books for their nominees with the result that the Institute feels difficulty in arranging for the books when the trainees apply for them after joining the training. As already stated, some books which are not available locally have to be imported from other countries and this naturally takes not only time but interrupts the studies.

In order to avoid this difficulty, the sponsoring authorities are once again requested to intimate to the Institute without fail whether books have to be supplied to their trainees by the Institute and whether bills for recoupments may be sent to the departments concerned or the departments themselves will make their own arrangements for supply of books to their nominees.

*Statement showing the Number of Candidates Trained in Various Batches under this Scheme.*

	Course A	Course B	Course C	Total
First Batch . . . . .	6	10	12	28
Second Batch . . . . .	5	20	24	49
Third Batch . . . . .	10	34	30	74
Fourth Batch . . . . .	12	43	20	75
Fifth Batch (under training)	11	40	21	72
	<hr/> 44	<hr/> 147	<hr/> 107	<hr/> 298

## **APPENDIX II**

[*Vide* S. No. 96 in Chapter II]

**GOVERNMENT OF INDIA**

**MINISTRY OF STEEL, MINES & FUEL**

**(Department of Iron & Steel)**

*New Delhi, the 5th November, '59.*

### **RESOLUTION**

#### **IRON AND STEEL ADVISORY COUNCIL**

No. SC(A)-4(493)/59. The Government of India have decided to constitute an Iron and Steel Advisory Council, to advise on all matters of a general character relating to iron and steel, and in particular to problems pertaining to production, distribution, transport, research, import and export.

2. The composition of the Council will be as follows :

(i) Minister for Steel, Mines and Fuel—Chairman.

(ii) Two ex-officio Members—

(a) The President, Federation of Indian Chambers of Commerce and Industry or his nominee.

(b) The President, Associated Chamber of Commerce of India, or his nominee.

(iii) Not more than twenty-one members nominated by the Government of India who are, in its opinion, capable of representing the interests of producers, consumers, the trade, and mining and allied interests.

(iv) Eight representatives of the concerned Ministries of the Govt of India.

(v) Secretary, Department of Iron and Steel.

(vi) Iron and Steel Controller—Member-Secretary.

3. The Chairman may also specially invite any other person or persons to represent the iron and steel industry or trade or consumers to attend the meeting of the Council.

4. The Council will meet at least twice a year. The Council is constituted for a term of two years.



### APPENDIX III

[Vide S. No. 59 in Chapter IV]

*Statement showing the revised Target dates for the main units of the Steel works and the actual dates of Completion/Commissioning*

#### I. BHILAI

Sl. No.	Name of the Unit	Revised target dates for completion	Date of commissioning/! readiness for operation
1	1st Coke Oven Battery . . . . .	31-12-58	1-2-59
2	2nd Coke Oven Battery . . . . .	15-12-59	22-12-59
3	3rd Coke Oven Battery . . . . .	July, 59	27-12-60
4	1st Blast Furnace . . . . .	31-12-58	4-2-59
5	2nd Blast Furnace . . . . .	15-2-59	28-12-59
6	3rd Blast Furnace . . . . .	July, 59	30-12-60
7	1st Open Hearth Furnace . . . . .	30-9-59	12-10-59
8	2nd Open Hearth Furnace . . . . .	30-9-59	17-12-59
9	3rd Open Hearth Furnace . . . . .	30-9-59	23-3-60
10	4th Open Hearth Furnace ] . . . . .	30-9-59	15-10-60
11	5th Open Hearth Furnace . . . . .	30-9-59	30-12-60
12	6th Open Hearth Furnace . . . . .	30-9-59	22-2-61
13	Blooming Mill . . . . .	30-9-59	7-11-59
14	Billet Mill . . . . .	31-12-59	24-12-59
15	Rail and Structural Mill . . . . .	30-9-59	27-10-60
16	Merchant Mill . . . . .	31-12-59	1-2-61

## II. ROURKELA

Sl. No.	Name of the Unit	Revised target dates for completion	Date of commissioning/readiness for operation
1	1st Blast Furnace . . . . .	28-12-58	3-2-59
2	2nd Blast Furnace . . . . .	1-7-59	11-1-60
3	3rd Blast Furnace . . . . .	1-11-59	6-1-62
4	1st Coke Oven Battery . . . . .	15-9-58	8-9-58
5	2nd Coke Oven Battery . . . . .	15-1-59	21-3-60
6	3rd Coke Oven Battery . . . . .	1-7-59	Completed in December, 59 but not yet commissioned.
7	1st Open Hearth Furnace . . . . .	31-5-59	30-4-59
8	2nd Open Hearth Furnace . . . . .	1-9-59	13-8-59
9	3rd Open Hearth Furnace . . . . .	1-9-59	21-2-60
10	4th Open Hearth Furnace . . . . .	1-9-59	15-5-60
11	1st L. D. Converter . . . . .	Dec. 59	27-12-59
12	2nd L. D. Converter } . . . . .	Feb-March 1960	9-1-60
13	3rd L. D. Converter } . . . . .		31-1-60
14	Blooming & Slabbing Mill . . . . .	1-12-59	11-1-60
15	Heavy Plate Mill . . . . .	1-9-60	12-9-60
16	Hot Strip Mill . . . . .	31-12-60	28-3-61
17	Cold Rolling Mills . . . . .	1-4-61	The various departments of this mill were commissioned between July, 61 and Oct., 61.
18	Tinning Plant (3 Lines) . . . . .	1-4-61	30-11-61

### III. DURGAPUR

Sl. No.	Name of the Unit	Revised target dates for completion	Date of commis- sioning/ readiness for operation
1	1st Coke Oven Battery . . . .	31-10-59	22-11-59
2	Coal Washery . . . .	31-10-59	2-4-60
3	1st Blast Furnace . . . .	31-10-59	24-12-59
4	2nd Coke Oven Battery . . . .	30-4-60	12-10-60
5	2nd Blast Furnace . . . .	30-4-60	2-2-61
6	1st Open Hearth Furnace . . . .	30-4-60	25-4-60
7	2nd Open Hearth Furnace . . . .	30-4-60	30-6-60
8	3rd Open Hearth Furnace . . . .	30-4-60	Aug. 60
9	42" Blooming Mill . . . .	30-4-60	9-5-60
10	32" Intermediate Mill . . . .	30-4-60	11-5-60
11	Continuous Billet Mill . . . .	30-4-60	17-6-60
12	Sleeper Plant . . . .	30-4-60	19-8-60
13	3rd Coke Oven Battery . . . .	30-4-61	Nearing completion.
14	3rd Blast Furnace . . . .	30-4-61	Nearing completion.
15	4th Open Hearth Furnace . . . .	30-4-61	13-2-61
16	5th Open Hearth Furnace . . . .	30-4-61	15-3-61
17	6th Open Hearth Furnace . . . .	30-4-61	} Nearing comple- tion.
18	7th Open Hearth Furnace . . . .	30-4-61	
19	8th Open Hearth Furnace . . . .	30-4-61	
20	24" Medium Mill . . . .	30-4-61	13-2-61
21	Continuous Merchant Mill . . . .	30-4-61	13-5-61
22	Wheel & Axle Plant . . . .	31-7-61	Under construction.

## APPENDIX IV

[Vide Para 1 of Chapter I]

*Statement showing the revised target dates for the completion of the various units of Rourkela & Bhilai Steel Plants, the target dates further revised, the dates of actual completion and delay in each case*

### I. ROURKELA

Nome of the Unit	Revised target dates	Target dates further revised	Date of completion/ commissioning	Delay from revised target dates	
				M.	D.
First Blast Furnace .	1-10-58	28-12-58	3-2-59	4	2
Second Blast Furnace .	1-2-59	1-7-59	11-1-60	11	10
Third Blast Furnace .	1-8-59	1-11-59	6-1-62	29	5
1st Coke Oven Battery .	1-10-58	15-9-58	8-9-58		
2nd Coke Oven Battery .	1-2-59	15-1-59	21-3-60	14	6
3rd Coke Oven Battery .	1-8-59	1-7-59	Dec. 59 but not yet commissioned.		
1st Open Hearth Furnace .		31-5-59	30-4-59		
2nd Open Hearth Furnace .		1-9-59	13-8-59		
3rd Open Hearth Furnace .		1-9-59	21-2-60	5	20
4th Open Hearth Furnace .		1-9-59	15-5-60	8	14
1st L. D. Converter .		Dec. 1959	27-12-59		
2nd L. D. Converter .		Feb./March 60	9-1-60		
3rd L. D. Converter .			31-1-60		
Blooming & Slabbing Mill .	April 59	1-12-59	11-1-60	9	0
Heavy Plate Mill .	May 59	1-9-60	12-9-60	16	0
Hot Strip Mill .	April 59	31-12-60	28-3-61	23	0
Cold Rolling Mill .	March 60	1-4-61	Various Units commissioned between July & Oct. 61.	16	0
Tinning Plant (3 Lines)		1-4-61	30-11-61	8	0

## II. BHILAI

Name of the Unit	Revised target dates	Target dates further revised	Date of comple- tion/ commis- sioning	Delay from revised target dates	
				M.	D.
1st Coke Oven Battery	31-12-58	31-12-58	1-2-59	1	1
2nd Coke Oven Battery	31-12-58	15-12-59	22-12-59	11	22
3rd Coke Oven Battery	31-12-59	July 59	27-12-60	11	27
1st Blast Furnace	31-12-58	31-12-58	4-2-59	1	4
2nd Blast Furnace	31-12-58	15-2-59	28-12-59	11	28
3rd Blast Furnace	31-12-59	July, 59	30-12-60	12	0
1st Open Hearth Furnace	31-12-58	30-9-59	12-10-59	9	12
2nd Open Hearth Furnace	31-12-58	30-9-59	17-12-59	11	17
3rd Open Hearth Furnace	31-12-59	30-9-59	23-3-60	2	23
4th Open Hearth Furnace	31-12-59	30-9-59	15-10-60	9	15
5th Open Hearth Furnace	31-12-59	30-9-59	30-12-60	12	0
6th Open Hearth Furnace	31-12-59	30-9-59	22-2-61	13	22
Blooming Mill	31-12-58	30-9-59	7-11-59	10	7
Billet Mill	31-12-59	31-12-59	24-12-59		
Rail Structural Mill	31-12-59	30-9-59	27-10-60	9	27
Merchant Mill	31-12-59	31-12-59	1-2-61	13	0

### III. DURGAPUR

Sl. No.	Name of the Unit	Revised Target date for completion	Date of Commissioning/ readiness for operation	Delay M.D.
1	1st Coke Oven Battery	31-10-59	21-11-59	0 21
2	Coal Washery	31-10-59	2-4-60	5 2
3	1st Blast Furnace	31-10-59	24-12-59	1 24
4	2nd Coke Oven Battery	30-4-60	12-10-60	5 12
5	2nd Blast Furnace	30-4-60	2-2-61	9 2
6	1st Open Hearth Furnace	30-4-60	25-4-60	
7	2nd Open Hearth Furnace	30-4-60	30-6-60	2 0
8	3rd Open Hearth Furnace	30-4-60	Aug. 1960	4 0
9	42" Blooming Mill	30-4-60	9-5-60	0 9
10	32" Intermedicate Mill	30-4-60	11-5-60	0 11
11	Continuous Billet Mill	30-4-60	17-6-60	1 17
12	Sleeper Plant	30-4-60	19-8-60	3 19
13	3rd Coke Oven Battery	30-4-61	Nearing completion	
14	3rd Blast Furnace	30-4-61	Nearing completion	
15	4th Open Hearth Furnace	30-4-61	13-2-61	
16	5th Open Hearth Furnace	30-4-61	15-3-61	
17	6th Open Hearth Furnace	30-4-61	} Nearing completion.	
18	7th Open Hearth Furnace	30-4-61		
19	8th Open Hearth Furnace	30-4-61		
20	24" Medium Mill	30-4-61	13-2-61	
21	Continuous Merchant Mill	30-4-61	13-5-61	0 13
22	Wheel & Axle Plant	31-7-61	Under construction.	

## APPENDIX V

### (Vide Introduction)

Analysis of the action taken by Government on the recommendations contained in the Reports of the Estimates Committee (Second Lok Sabha).

#### I. Thirty-Third Report

1	Total Number of recommendations made	135
2	Recommendations that have been accepted by Government (Vide recommendations Nos. 1, 2, 3, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 18, 21, 22, 23(ii), 26, 27, 31, 32, 36, 41, 42, 43, 44, 45, 46, 47, 48, 49, 52, 54, 56, 58, 61, 62, 63, 64, 70, 71, 72, 73(i), 74, 76, 77, 79, 81, 82, 84, 85, 87, 88, 90, 91, 95, 96, 97, 98, 99, 100, 101, 102, 104, 105, 106, 109, 110, 111, 113, 114, 115, 116, 118, 120, 123, 124, 126, 128, 129, 130, 131, 132, 133, 134 and 135, referred to in Chapter II).	
	Number	85
	Percentage to total	63%
3	Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (vide recommendations Nos. 23 (i), 28, 29, 30, 33, 34, 35, 37, 38, 39, 40, 50, 55, 57, 60, 73(ii), 75, 78, 80, 83, 86, 89, 92, 93, 94, 103, 107, 108, 112, 117, 119, 121, 122 and 127 referred to in Chapter III).	
	Number	33
	Percentage to total	24.4%
4	Recommendations in respect of which replies of Government have not been accepted by the Committee. (vide Recommendations Nos. 59, 66, 67, 68, and 69 referred to in Chapter IV).	
	Number	5
	Percentage to total	3.7%
5	Recommendations in respect of which final replies of the Government are still awaited (vide recommendations Nos. 4, 10, 11, 17, 19, 20, 24, 25, 51, 53, 65 and 125 referred to in Chapter V).	
	Number	12
	Percentage to total	8.9%

## II. *Eighty-Seventh. Report*

1	Total number of recommendations made	7
2	Recommendations that have been accepted by Government ( <i>vide</i> recommendation No. 7(1) referred to in Chapter II).	
	Number	1
	Percentage to total	14.3%
3	Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee ( <i>vide</i> recommendations Nos. 1, 3, 4, 5, and 6 referred to in Chapter III).	
	Number	5
	Percentage to total	71.4%
4	Recommendations in respect of which replies of Government have not been accepted by the Committee ( <i>vide</i> recommendation No. 2 referred to in Chapter IV).	
	Number	1
	Percentage to total	14.3%



