

**ESTIMATES COMMITTEE
1962-63**

**TENTH REPORT
(THIRD LOK SABHA)**

**MINISTRY OF TRANSPORT AND COMMUNICATIONS
(DEPARTMENT OF TRANSPORT)**

**Action taken by Government on the recommendations
contained in the Hundred and Sixteenth Report of
the Estimates Committee (Second Lok Sabha) on**

**HINDUSTAN SHIPYARD LTD.
(Reports & Accounts)**



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1962/Agrahayana, 1884 (Saka)

Price : Re. 0.70 nP.

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CORRIGENDA

to

TENTH REPORT OF THE ESTIMATES COMMITTEE (THIRD LOK SABHA) ON THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE 116th REPORT OF THE ESTIMATES COMMITTEE (SECOND LOK SABHA) ON THE HINDUSTAN SHIPYARD LTD.

Page 7 : Column 4- line 29- for 'dring' read 'during'.

Page 21: Column 4- line 1- for 'shipyar' read 'shipyard'.

Page 26: Column 4- line 20- delete the word 'or'.

Page 27 : Column 4- line 9- for the letter 'E' occurring in the heading read 'B'.

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ESTIMATES COMMITTEE

1962-63

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Shri N. N. Mallya, Deputy Secretary.

*Elected w. e. f. 18-8-1962 vice Shri Shivram Rango Rane resigned.

**Elected w. e. f. 15-11-62 vice late Shri B. J. Singh.

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Tenth Report of the Estimates Committee on the action taken by Government on the recommendations contained in the Hundred and Sixteenth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Transport & Communications (Department of Transport)—Hindustan Shipyard Ltd. (Reports and Accounts).

2. The Hundred and Sixteenth Report of the Estimates Committee was presented to the Lok Sabha on the 30th March, 1961. Government furnished their replies indicating the action taken on the recommendations contained in this Report between the 4th October, 1961 and 19th March, 1962. The replies were examined by the Study Group 'F' of the Estimates Committee (1962-63) on the 7th September, 1962. The draft Report was adopted by the Committee on the 4th December, 1962.

3. The Report has been divided into the following four 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.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred & Sixteenth Report of the Estimates Committee is given in Appendix II. It would be observed therefrom that out of 16 recommendations made in the Report, 68.75% have been accepted by Government and replies in respect of 25% of the recommendations have been accepted by the Committee while replies of Government in respect of the remaining 6.25% of the recommendations have not been accepted by the Committee.

NEW DELHI;
December 15, 1962

Agrahayana 24, 1884 (S)

H. C. DASAPPA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

Rated Capacity and Production

In paras 7 and 8 of their 116th Report (Second Lok Sabha), the Estimates Committee had observed that the production in the Shipyard fell short of its rated capacity of 20,000 DWT. Expressing doubts about the ability of the Shipyard to achieve the targeted capacity of 50,000 to 60,000 DWT by 1963-64, the Committee hoped that all efforts would be made to bring up production to the revised rated capacity.

In their reply, Government have stated that the Shipyard had already taken measures for improving the output and that certain other measures such as further extension of jetty, extension of new hull shop and strengthening of technical organisation etc., were under consideration. which, when completed, would further augment the production capacity of the Yard. It has also been stated by Government that the Shipyard have re-examined the target in the light of the Committee's remarks and have expressed the view that it may be revised to 35,000 — 40,000 DWT by the end of the Third Plan period, on account of the difficulties experienced by them in the switching over to indigenous substitutes and inadequacy of the out-fit accommodation at the jetty.

2. The Shipyard has further pointed out that the full picture of the Yard's achievements is not brought out by the dead weight tonnage of ships completed and delivered during the year, as it does not take into account the work done on incomplete ships. Besides, the size and type of ships built has a vital bearing on the amount of tonnage produced. The Shipyard has, therefore, suggested that a more appropriate yard-stick to judge their performance should be the value of production in each year.

3. The Committee agree that various factors other than the quantity produced determine the production efficiency of a concern, but they feel that the value of the production, which is subject to variable factors such as rise in prices, cannot be a proper yard-stick to judge efficiency, either. In fact, the annual rated capacity of the various products is laid down and it is against this capacity that the actual performance of a concern is judged. The fact that the Shipyard has expressed the view that its rated capacity may be revised to 35,000 to 40,000 DWT as against 50,000 to 60,000 DWT which has already been included in the Third Plan, itself underlines the importance of this yardstick. *The Committee regret that the Shipyard had not only to revise downward its target of production from 50,000—60,000 DWT to 35,000—40,000 DWT but had also to extend the time of reaching that target from 1963-64 to the end of the Third Plan i.e., 1965-66. They, however, trust that the Shipyard will reach the revised rated capacity.*

Orders for Ship-building

4. In paragraph 11 of their report, the Committee had stressed the need for ensuring a steady stream of orders for keeping the Shipyard fully engaged and suggested that restrictions, if necessary, should be imposed on purchase of ships from abroad. Government have replied that the present orders are expected to keep the Shipyard fully engaged till the middle of 1964 and that in future, no foreign exchange would be released for purchase of second-hand or new ships unless orders for an equivalent number of ships are placed with the Hindustan Shipyard Ltd. The Committee are glad to learn about the steps taken by Government for booking orders for the Shipyard to its full capacity. *They trust that high standards of quality and speed in the execution of orders will be set by the Shipyard, which would, by themselves, constitute a sure guarantee for a steady stream of orders in future.*

Dry Dock Project

5. In para 16 of their Report the Committee had remarked that they were not aware of the precise reasons which had held up the Dry Dock Project so long and recommended its early completion. In reply, Government have stated that the Project, which was sanctioned in 1955, had to be postponed owing to foreign exchange difficulties and that it has since been included provisionally in the Third Plan. As soon as the requisite foreign exchange which was of the order of Rs. 73.70 lakhs was secured, the Project would be taken up and if possible completed during the Third Plan. *The Committee hope that having regard to the importance of a Dry Dock for the efficient functioning of a Shipyard, every effort would be made for an early completion of the Project.*

Standardisation of Ships

6. In para 30 of their Report, the Committee had referred to the inordinate delay in implementing the decision on standardisation of ships taken by a special Committee appointed by Government in 1956, as a result of the recommendations made by the Estimates Committee in para 86 of their 14th Report (First Lok Sabha) and recommended that Government should lose no further time in this respect.

7. While accepting the recommendation in principle, Government have pointed out certain difficulties in the matter and have stated that standardisation could not be unilaterally imposed on the shipowners. They, therefore, proposed to convene a meeting with the shipowners to discuss, *inter-alia*, the question of standardisation. The Committee regret that although this question was recommended to be examined by the Committee as far back as 1955, no final decision has yet been taken in the matter. Even the recommendations made by the special Committee do not appear to have been implemented fully. The Committee do not see why it has not been possible to convene the meeting with the shipowners for all these years-

They feel that there should be no difficulty in securing the largest measure of agreement of the shipowners in this regard as the special Committee which examined the question earlier included the representatives of the principal shipowners also. Further, the main customer of the Shipyard is the Shipping Corporation of India which is also owned by Government. *The Committee hope that no further time would be lost in taking a decision in the matter and implementing it.*

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Serial No. Reference (as in Appendix I to the Report)	Summary of the recommendations/ conclusions	Reply of the Government	Comments of the Committee
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I 2

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3 II The Committee view with great concern the present situation in which the Shipyard is not getting sufficient orders. Unless the Yard gets an adequate number of orders to utilise the available capacity fully and such orders are placed in time for production to be planned properly, the Shipyard cannot obviously run efficiently and economically. Two of the Shipping Corporations are owned by Government. Private

The Hindustan Shipyard have now received orders for a total of 9 cargo ships of about 12,500 DWT each of the Japanese 'Mitsubishi' type, 3 from the Scindia Steam Navigation Co. Ltd., and 6 from the two Government Shipping Corporations (now amalgamated into a single company *viz.*, the Shipping Corporation of India Ltd.). These orders are expected to keep the Shipyard fully engaged till the middle of 1964 and it is hoped that more

Please see para 4 of Chapter I.

ship-owners cannot also obtain their requirements from abroad without the approval of Government. The Committee do not see why Government should not be able to ensure that the Hindustan Shipyard is kept supplied with sufficient orders. They trust that in future Government will take effective steps to this end, if necessary, by restricting facilities for purchase of ships from abroad.

orders will be received before the middle of 1963.

It has been decided that in future no foreign exchange should be released for purchase of second-hand or new ships to the shipping companies unless orders for an equivalent number of ships are placed by them on the Hindustan Shipyard Ltd. It is expected that as a result of this decision, the Hindustan Shipyard will be booked to full capacity during the Third Plan period. In any case the Government Shipping Corporations will place the orders with the Shipyard in the event of shipping companies in private sector refusing to patronise the Hindustan Shipyard.

The recommendation of the Committee has been noted.

[Ministry of T. and C.O.M. No. Sy-5 (19)/61 dated 13-10-61.]

14 The Committee regret to note that the completion of the first phase of the development programme was badly delayed for want of cement and steel. As for the second phase, it would have been useful if foreign exchange required

The remarks of the Committee have been noted in regard to future development works and every effort will be made to avoid delays arising either from the difficulties in the supply of steel and cement or lack of requisite foreign exchange.

for the second phase could have been found especially as it was stated to be small.

2. As regards foreign exchange, it may be mentioned that the Shipyard drew up a programme for the 2nd phase of development of the Yard at an estimated cost of Rs. 130.50 lakhs to be completed during the 2nd Plan period. The main items of works included in this programme were:—

(Rs. in lakhs)

(a) Houses for workers and Officers	25.50
(b) Water supply scheme	23.00
(c) Further items of essential machinery required for shops	37.00
(d) Extension of the jetty with cranes, etc.	45.00
	130.50

3. The foreign exchange required for the above works was of the order of Rs. 44 lakhs *viz.*, Rs. 37 lakhs for purchase of items of essential

machinery and Rs. 7 lakhs for the purchase of a crane to be installed on the jetty. In view of the then difficult position of foreign exchange, Government could sanction only a part of the programme costing about Rs. 56.17 lakhs consisting of items (a) & (b) above, and some essential machinery under item (c) costing about Rs. 7.67 lakhs which was to be paid in foreign exchange. Subsequently, the position was reviewed and Government also approved the proposal contained in Item (d) at a revised cost of Rs. 25 lakhs including a foreign exchange expenditure of Rs. 7 lakhs, as this work was considered essential to enable the shipyard to utilise the full capacity of the building berths and and thus achieve the target of four ships per annum. Thus, it will be seen that Government agreed to release foreign exchange when it was considered absolutely essential in the interest of the development of the Shipyard. Further development works are expected to be taken up during the Third Plan period at an estimated cost of Rs. 244 lakhs, including a foreign exchange expenditure of about Rs. 86.75 lakhs, so as to increase the

capacity of the Yard to its optimum level of 6 to 8 ships per annum. Government will no doubt consider the question of releasing foreign exchange for the further programme of works as and when required, taking into account the relative priority attached to the project and the availability of the foreign exchange resources.

4. This does not include the Dry Dock Project for which please see reply to Para 16.]

[Ministry of T & C. O.M. No. Sy-5(20)/61 dated 30-10-61.]

5 16 The Committee are not aware of the precise reasons which have held up the Dry Dock Project for the last fourteen years. They recommend that Government may pay special attention to the early construction of the Dry Dock so that the Yard can function efficiently.

Please see para 5 of Chapter I.

The project for construction of a Dry dock at Visakhapatnam was sanctioned by the Govt. of India in March, 1955 at an estimated cost of Rs. 215 lakhs, which included foreign exchange to the extent of Rs. 41.60 lakhs. This was based on the cost estimates prepared by M/s. Rendel Palmer & Tritton, the Technical Consultants of the Yard for the pro-

ject; after carrying out certain preliminary soil investigations. After some preparatory work in connection with stockpiling of materials etc. had been done, it was decided in March, 1958 to postpone the project owing to foreign exchange difficulties.

2. Since then, the question of securing the foreign exchange required for the project has been engaging the attention of the Government. As the estimates of 1955, when the project was sanctioned have gone out of date, the estimates have been revised. The revised estimates of cost including provision for certain other items, which were not provided in the original estimates, is of the order of Rs. 269 lakhs, involving foreign exchange of Rs. 73.70 lakhs.

3. The Project has been included provisionally in the Third Plan under the category of "new projects, for which external credits have yet to be arranged".

4. The question of getting the foreign exchange required for the project has now again been taken up. As

soon as the requisite foreign exchange is secured, the project will be taken up and if possible completed during the Third Plan period.

[*Ministry of T. & C. O.M. No. Sy-5(21)/61 dated 13-10-61.*]

6 19 The Committee hope that constant efforts will be made to increase productivity through proper training in modern methods.

The remarks made by the Committee have been noted. The Shipyard has been asked to formulate a programme and to take steps to implement it.

[*Ministry of T. & C. O.M. No. Sy-5(22)61/ dated 12-10-61.*]

A note from the Hindustan Shipyard Ltd. explaining the various programmes initiated for training in managerial talent and modern methods to increase productivity is enclosed for information of the Estimates Committee (reproduced at Appendix I).

[*Ministry of T. & C. O.M. No. Sy-5(22)/61 dated 28-2-1962.*]

21 The Committee trust that the steps stated to have been taken to lay down 'norms' in regard to production will bring about further improvement in the reduction of overheads which are at present on the high side.

Considerable progress has been made in the matter of establishing norms. A set of preliminary norms have been laid down for practically all the jobs involved in hull construction. These are being used for purposes of controlling mandays spent on similar repetitive jobs. The norms themselves are under constant review of the Yard taking into account the adoption of improved methods of work as well as improved planning.

Simultaneously observation and study are progressing in respect of jobs involved in outfit work. As and when the fixation of norms is completed, they are used for purposes of planning and control, which in turn is expected to bring about an improvement by reducing manhours per unit of work done in various departments (e.g. Hull shop, prefabrication Department, Erection Department etc.) and thereby cutting down costs. In this connection, the Committee may kindly refer to the figures given in footnote on page 6 of their report, which show that the man-hours

have been registering a steady decline. Reduction of overheads will result eventually as a consequence of increased production.

[Ministry of T.&C. O.M. No. Sy-5(23)
61 dated 9-10-61.]

24 The Committee hope that apart from efforts to increase production all other possible steps will be taken by the Management of the yard to control overheads by strict economy and proper utilisation of available resources.

In order to exercise an effective control over the overheads the Shipyard have decided to make periodically a detailed review of all variable items of overhead expenditure with a view to seeing whether there is any scope for reducing the expenditure under any such head. The Yard have been asked to report the results of these reviews to the Government as and when they are completed.

[Ministry of T. & C. O.M. No. Sy.5(23)
61 dated 9-10-61.]

29 The Committee trust that with the availability of shipbuilding steel

The total requirement of shipbuilding steel in the country is of the order of

in exact sizes and quantities required by the Yard when the Rourkela Steel Plant starts producing steel required for shipbuilding, appreciable reduction would be made in the cost of construction of a ship.

30,000 tons out of which 27,000 to 28,000 tons are required in the form of plates. Except for Plates, Tatas are able to meet the requirements of all varieties of shipbuilding quality steel viz., Angles, Rods and Structural. Tatas production of Plates being of the order of about 10,000 tons per year, there is a short-fall of about 18,000 tons of shipbuilding plates. The total quantity of steel required by Hindustan Shipyard Ltd., at present is about 12,500 tons per year. With the commissioning of the Rourkela Plate Mill further quantity of shipbuilding quality plates will be available. Rourkela plant's capacity is about 15,000 tons per month but the main difficulty in the initial stages might be in producing the required quality of steel. It is understood that for sometime to come, at least in 1961 it would not be possible for Rourkela Steel Project to supply more than 1000 tons of ship building quality plates per month. For the present therefore, there would be need for some imports which are being arranged against D.L.F. loan. The Hindustan Shipyard are being permitted to import some of their steel requirements in consultation with the

Ministry of Steel Mines, and Fuel. The volume of imports however, will be gradually reduced as and when Rourkela plant is able to supply larger quantity of shipbuilding quality plates.

To the extent the imports of steel requirements for the Yard are reduced and indigenous steel is supplied, the construction costs of the vessels at the Yard will be reduced.

[*Ministry of T. & C.O.M. No. Sy.-5 (25)/61 dated 9-10-61.*]

11 28 The Committee are entirely in agreement with the observation of the Ship Ancillary Industries Committee that steps must be taken to provide a phased programme of development of indigenous ancillary industries. They trust that recommendation made by the Ship Ancillary Industries Committee will be examined urgently by Government and effective steps for setting up ancillaries taken.

The recommendation has been noted. Before the Ship Ancillary Industries Committee could lay down order of priorities and draw up a phased programme of indigenous development of ancillary industries, it would be essential to codify and categorise some 24,000 items required by the shipping, ship-building and ship-repair industries as mentioned in the First Report of the Committee. This

will necessitate some expansion of the Committees' staff and the Committees' proposals in this respect are awaited.

[Ministry of T. & C. O. M. No. Sy. 5
(26)/61 dated 3-11-61.]

13 34--36 The Committee feel that it may not be desirable to link the prices charged by the Shipyard with those obtaining in any other country. The demand of the shipowners to make available ships built in the Yard at the lowest world price would present the same difficulties as those encountered in the operation of the U.K. Parity Price Formula. In the Committee's opinion the two requirements for a satisfactory solution of the situation are (i) that the selling price should give some incentive to the Shipyard to reduce its costs of construction; and (ii) the buyer should not be asked to pay appreciably more than that he would have paid for a similar ship constructed elsewhere.

The recommendations of the Committee have been noted.

[Ministry of T. & C. O.M. No. Sy.-5
(27)/61 dated 12-10-61.]

The Committee feel that in view of the difficult foreign exchange position of the country a buyer cannot normally expect to get readily sufficient foreign exchange to buy a ship in the world market even at the lowest available price. On the other hand, the Shipyard should not continue to rely fully upon Government subsidy to make up the difference between its actual cost of construction and the ruling world prices.

14

It may not be possible for the Hindustan Shipyard Ltd., to function efficiently without a subsidy in one form or the other for some time to come. The Committee have elsewhere recommended the necessity of standardisation of ships built in the Hindustan Shipyard. The cost of such standardised ships should be capable of standardisation to a large extent. Based on such standardised costs, the Government may periodically determine the

Government will give full consideration to the suggestion made by the Committee in regard to the basis on which subsidy should be fixed. The recommendation is noted.

[Ministry of T. & C. O.M. No. Sy-5(27)/61 dated 12-10-61].

subsidy to be paid for each unit of construction related either to the Tonnage or the Cost. With this margin the Shipyard should be able to quote competitive prices, if not the lowest world prices to the buyer. To the extent the actual cost of construction of a ship could be brought down, the profits of the Shipyard would go up. Failure to construct a ship within the permissible subsidy would indicate lack of efficiency on their part. The Committee suggest that Government may examine the possibility of revising the present basis of subsidy on the lines indicated above.

16

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There can be no doubt that the requirements of our Shipping more than justify a second Shipyard. The setting up of a Shipyard is, however, attended with special problems. Some of them, already referred to by the Committee in their 14th Report (First Lok Sabha), are the training of supervisory personnel, the building up of adequate facilities for hull construction, securing continued and regular supply of material like steel plates etc. for the construc-

The views of the Committee have been noted.

[Ministry of T. & C. O. M. No. Sy-5 (28) 61 dated 4-10-61.]

tion of machinery and the setting up of important marine subsidiary industries essential for ship-building activities. Further, as the example of Hindustan Shipyard Ltd. suggests, the economics of Shipyard has to be carefully worked out in advance. This, the Committee were informed, has not been yet done. There is also the additional question of securing sufficient orders in time. The Committee trust that Government will look into all these attendant problems of setting up a Shipyard before they actually take up the Project.

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Sl. No. as in Appendix I to the Report	Reference to paragraph No. in the Report	Summary of the recommendations/ conclusions	Reply of the Government	Comments by the Committee
1	2	3	4	5
7		<p>The Committee observe that upto 1959-60 the production of the Yard (which on an average has been about 15,000 DWT) fell short of its maximum capacity of 20,000 DWT. In 1958-59 particularly the production was less than half the rated capacity. Since the capacity of the Yard has now been increased to 25,000—30,000 DWT, the Committee trust that urgent attention will be paid to increase the production in the Yard so that the rated capacity is fully utilised.</p>	<p>The recommendations have been brought to the notice of the Hindustan Shipyard. It has been impressed on them that they should take the most expeditious and effective steps to achieve the maximum rated capacity of the yard at the earliest. Some of the important measures already adopted by them, which will go a long way towards improving the Shipyard's output in the near future, are—</p>	<p>Please see paras 1—3 of Chapter I.</p>
2	8	<p>Taking into consideration the past performance of the Yard it is doubtful whether it will be able to achieve</p>	<p>(a) completion and commissioning of the prefabrication shop;</p> <p>(b) extension of the jetty to provide for three ships being fitted out at a time; and</p>	

the increased capacity now planned by the target date. Even if the 16% increase in the value of annual production registered in 1959-60 in the Shipyard is taken as the expected rate of progress in production in terms of tonnage also, the Yard is likely to reach its rated capacity near about 1970 only and not in 1963-64. The Committee hope that all efforts will be made to bring up production to the revised rated capacity of 50,000—60,000 DWT within the expected period.

(c) persuading shipowners to place orders for as many vessels of the same type as they can. The Shipyard has so far secured 9 such orders for 'Mitsubishi' type vessels, six from the Shipping Corporation of India and three from the Scindia Steam Navigation Co., Ltd.

In addition, a few other measures for building up the production capacity of the yard, such as further extension of the jetty, extension of the new hull shop and the strengthening of the technical organisation, are under consideration, and it is expected that after they have been sanctioned and completed, they will further augment the production capacity of the yard.

The Shipyard have re-examined the target in the light of the Committee's remarks and have expressed the view that it may be revised to 35,000—40,000 DWT by the end of the Third Plan period. The main reasons for this rather conservative

estimate now made by the Shipyard are—

(1) difficulties experienced by them as a result of switching over to indigenous substitutes. For example, in certain cases some vital parts which were ordered on indigenous suppliers had to be rejected or re-done resulting in considerable delays. The Indian manufacturers did not even maintain the delivery schedules indicated or promised by them; and

(2) inadequacy of the outfit accommodation at the jetty, which will have to be further extended to provide for four ships being fitted out at the same time instead of three as at present.

Note:—Judging the production efficiency of the Shipyard on the basis of deadweight tonnage of ships completed and delivered during the year does not give the full picture of the Shipyard's achievement. It does not take into account the work done by it on ships on which work has already begun but not yet completed.

Besides, the size and type of ships built has a vital bearing on the amount of tonnage produced. For example, if the Shipyard built dry cargo ships of 6000 DWT during a particular year, their production in terms of DWT in that year would be much smaller than in another year in which they built ships of say 12,000 DWT size.

In view of the position stated above, the shipyard has suggested that a more appropriate yard-stick to judge their performance should be the value of production in each year.

The production efficiency of the yard can in addition, also be judged by the following:—

- (1) Number of man-days taken for each ship of the same series.
- (2) Man-hours per ton for Hull construction.
- (3) Man-hours for processing a given unit of material in outfit work.

(4) Drop in the percentage of overheads.

(Ministry of T&C O.M. No. Sy-5(18)/61 dated 19-3-62.)

9 25 The Committee consider that the establishment of a Designing and Estimating Department should have been taken up in right earnest much earlier and urge that there should be no further delay in developing it so that the Shipyard may grow gradually and at least cease to depend on foreign designs. As a necessary adjunct, they feel that the establishment of a Research Department would be very helpful.

The pre-requisite for setting up a well equipped Design and Estimating Section are—

- (a) availability of sufficient data in respect of ships already built of various types, sizes and specifications, which can be used in the preparation of new designs, with particular reference to the nature and standard of performance desired; and
- (b) availability of design, skill and expertise.

These matters usually take a long time to achieve.

Soon after the Shipyard has taken over by Government from the Scindias, the Shipyard switched over to the construction of modern type diesel-driven Maierform vessels as against steam-driven Jala type vessels, which it was constructing before. There was no ship designing skill and expertise available in the country at that time nor did the Shipyard

have any useful data available with them regarding the designing of modern ships. Any proposal to set up a design and estimating section in those circumstances would have been quite premature until the Shipyard had (a) built a dozen or more vessels of the modern type and gathered certain minimum data; and (b) selected and trained some nucleus personnel in designing and estimating work, which were essential for the successful establishment of such a section in the yard.

Steps were, however, taken by the yard to select graduates in Naval Architecture and Marine Engineering with special aptitude and flair for design work and to arrange for their training in accomplishing practical designs. It was only in March 1959 that the Shipyard was able to set up a separate section for designing and estimating. The section was organised under the immediate charge of an officer who holds an honours degree in naval architecture from the Durham Uni-

versity and who had been in the Shipyard for about 8 years. Apart from this officer, the Section was manned by the following staff:—

- (1) A graduate in naval architecture from the 'Michigan University (U.S.A.) with 6 years experience in the Yard.
- (2) A graduate in mechanical engineering with about 15 years experience in the Shipyard, well trained for ship calculation work.
- (3) A draughtsman with all round knowledge in the various Drawing Offices of the Shipyard with particular reference to the preparation of general arrangement plan, midship section, etc.
- (4) Six graduates in naval architecture from the Indian Institute of Technology, Kharagpur, with 2 to 4 years experience in the Shipyard.

In addition to the above personnel, the Shipyard have also got a few fresh graduates in naval architecture from the Kharagpur Institute working as apprentices in the Design

Office at present. The Section is under the control, guidance and supervision of the Director of Ship Construction, who is the Chief Executive on the technical side, and under his guidance and direction, this Section has so far accomplished the following jobs:—

A—Design Jobs:

- (a) Weights and Centres of gravity of various parts of machinery and hulls of ships of 6000 DWT (V.C. 139), 7000 DWT (V.C. 121), 8000 DWT (V.C. 120) and M.V. "Andamans" (V.C. 135) built so far together with all other technical data regarding forms, resistance and propulsion have been analysed, collated and put in a systematic order for ready reference and use in future design of more or less similar types of ships.
- (b) Design and estimating of two 300 ton Hopper Barges for the Vishakhapatnam Port authorities.

- (c) Preliminary design and estimating of a 13,800 DWT Fleet Tanker for the Indian Navy.
- (d) Preliminary design and estimating of a Floating Dock of 8000 tons lifting capacity suitable for accommodating ships of 20,000 tons DWT.

E—Estimating Works:

- (a) Repair and renewal of Slipway.
Cradles and Transverses of the local Naval Base.
- (b) Construction of Cavitation Testing Tunnel for the Indian Institute of Technology, Kharagpur.
- (c) Estimating the cost of a new type of general cargo ship.

Apart from the collection and collation of basic design data in respect of the vessels so far built in the Shipyard, the Section is at present engaged in doing the following jobs by way of trial designs:—

1. Designing and estimating of a 400 ft. Passenger-cum-Cargo vessel.
2. Designing and estimating of a 200 ft. passenger vessel for operation in the Konkan coast.

3. Designing and estimating of an 18,000 tons (DWT) bulk carrier.
4. Designing and estimating of a 5000 tons cargo vessel for coastal trade in Indian waters.
5. Standardisation of cost estimating.

Development of design skill and expertise is not a matter which can be achieved in a short period nor can designers be produced in an educational institution. This can, however, be acquired only after long years of experience. The Shipyard makes it a point to study the performance and proclivity of the existing graduates apprentices in the Shipyard and organises their training to suit individual potentialities and attainments.

For the time being the Shipyard is concentrating on all types of cargo ships such as general dry cargo vessels, bulk carriers, tankers, as well as passenger ships, all for Indian

Registry, suitable for both coastal and overseas, trade. This will be gradually expanded to include design of all types of river vessels, harbour vessels and also sailing crafts.

In due course and subject to availability of suitable and right type of personnel in sufficient numbers, the Yard's object is to expand the present design section suitably and divide it into the following broad divisions:

- (a) Project Design Division.
- (b) General Arrangement and Specification Division.
- (c) Scantlings and Classification Plans Division.
- (d) Estimating Division.

It may thus be seen that the Hindustan Shipyard has been pursuing vigorously the question of the development of Design & Estimating Deptt. as quickly as possible, so that their dependence on foreign design agencies may be eliminated. As regards the question of establishing a Research Department as an adjunct to the Design & Estimating Deptt. this will be examined by the Shipyard in due course.

[Ministry of T. & C. O.M. No. Sy-5(24)/61 dated 13-10-61.]

15 41. The subsidy received by the Yard represents the loss incurred by it in selling its products at market price which loss is re-imbursed by Government. To judge the financial results of the workings of the undertaking, such loss, though subsidised, has to be taken into account. The total amount of subsidy received so far by the Yard amounts to Rs. 456 lakhs. Taking this into account, the total loss suffered by the Company upto 1959-60 comes to Rs. 465 lakhs. The Annual Reports and Accounts of the Shipyard do not at present bring out this position clearly. The Committee feel that the full extent of the deficit at which the Company is working should be brought out clearly in the Annual Reports and Accounts. Further, the portion of the deficit amount covered by the subsidy should be shown along with the loss worked out after taking credit for the subsidy.

Shipyards in most countries are being subsidised in one form or another and it is understood that they do not show the amount of such subsidies as losses in their accounts. The Government is also giving a number of concessions to many industries in the country, such as tax rebates, loans at low rates of interest, etc., which may be regarded as an indirect form of subsidy but the incidence of such concessions are not shown by them in their accounts as losses. It is therefore, felt that subsidy given to the Hindustan Shipyard need not be shown in their accounts as a loss but should continue to be indicated as a contingent liability.

[Ministry of T. & C. O.M. No. Sy-5(27)/
61 dated 12-10-61].

REPLIES OF GOVERNMENT WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial No. (as in the Appendix I to the Report)	Reference to Paragraph No. in the Report)	Summary of the Recommendations/conclusions	Reply of the Government	Comments of the Committee
1	2	3	4	5
12	30	<p>The Committee see no reason for the inordinate delay in implementing the decision on standardisation taken by Government in March, 1956 and recommend that Government should lose no further time in doing so.</p>	<p>The necessity for standardisation of ships to be built in the Hindustan Shipyard has been long felt. The matter was discussed at a conference at which the principal shipowners were present on the 31st January, 1956. Thereafter a committee was appointed consisting of representatives of shipowners and the Ministries concerned to examine and report on the types of ships to be standardised and built at the shipyard. This Committee went into the question and recommended that the following three types of ships should be standardised:—</p>	<p>Please see paras 6 and 7 of Chapter I.</p>
			<p>(1) for the overseas trade a 9,500 tonner open shelter decker (with</p>	

scantlings for 11,000 tonner closed shelter decker) with a speed of about 16-17 knots;

(ii) for the coastal trade, a 8,000 tonner open shelter decker (with scantlings for 9,500 tonner of closed shelter decker) with a speed of about 12 knots;

(iii) a 5,000 tonner open shelter decker (with scantlings for 6,000 tonner closed shelter decker) with a speed of about 13 knots also for the coastal trade.

The above recommendations have been accepted in principle. Both the Shipyard and the Government are very much alive to the need for standardisation. It is, as a consequence of this that the Yard obtained orders from the Eastern and Western Shipping Corporations to build 6 vessels of 12,500 D.W.T. according to the designs prepared by M/s. Lubecker Flenderwerke, West Germany. The nine ships, for which orders have been secured by

the Yard during this year will be constructed to conform to one type, *viz.*, 'Mitsubishi' according to designs supplied by a Japanese shipyard. It has been and will continue to be the earnest desire of the Shipyard and the Government not to increase the number of types of ships any further until the drawing section of the Yard have acquired the requisite strength and experience.

It may, however, be mentioned in this connection that the problem is not susceptible of a simple solution, since the consent of owners, who order and operate the ships has to be obtained before a definite decision on the standardisation of ships to be constructed in the Yard could be taken. Normally each owner wants a different type of ships which he considers best suited to his trade and operational requirements. It is very difficult in a matter like this to impose unilaterally our ideas on an owner. In the circumstances, it is clear that standardisation of ships cannot be adopted as an absolute proposition although it may be possible to persuade the various owners concerned to accept a minimum number of

ships in each type in order to make it worthwhile for the shipyard to construct the type of ship. It is proposed to discuss this matter again at a meeting with the ship-owners.

[*Ministry of T & C/O.M. No. Sy. 5(19)/61 dated 13-10-61.*]

(Further information required by the Committee)
The outcome of the discussion, if any, held by Government with the shipowners may be intimated.

(*L.S.S. O.M. No. PU. 22 '61 dt. 9-12-61.*)

No discussion could be held so far with the shipowners on the question of standardisation of ships to be built at the Hindustan Shipyard, Vishakapatnam. Efforts are being made to convene a meeting as early as possible on a date, convenient to all concerned, for discussing not only the question of standardisation, but also other allied issues like pricing, subsidy, payment of instalments etc. with the shipowners.

[*Ministry of T&C O.M. No. Sy.-5(19)/61 dated 15-12-61.*]

No meeting has so far been convened for discussions with the shipowners, of the problems relating to standardisation, pricing, subsidy etc. Expedi-

tious steps are, however, being taken for convening a meeting in the near future.

[*Ministry of T & C O.M. No. Sy-5(19)/61 dated 31-8-1962*].

NEW DELHI;
December 15, 1962.
Agrahayana 24, 1884 (Saka).

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

(Vide Recommendation No. 6 in Chapter II)

In order to tackle the problem of training officers and supervisory staff, a scheme was finalised by early 1960 to train the newly recruited Naval Architects and Engineering Degree and Diploma Holders before they are posted to a particular department permanently. The former undergo a comprehensive training course of 70 weeks whereas the latter a similar course of 52 weeks' duration. To start with, for a week they attend lectures on various aspects of the working of the Shipyard by the top executives including the Managing Director. Then they are sent by rotation to spend some time in the various departments of the Yard, Drawing Office, Accounts Department, Planning Office, etc. Their progress and training are constantly supervised and each departmental head concerned gives a confidential report on the trainee's work, attendance, behaviour etc., when he finishes training in that particular department.

Also the trainee maintains a diary of the work done by him every day and submits a brief report of the work done by him to the Managing Director through the D.S.C. Co-ordination of the training programme of these trainees and supervision of their progress is looked after by the Training Department. Under this scheme, so far 11 Naval Architects and 15 Degree and Diploma Holders have been trained. One Naval Architect is under training and a new batch of about 16 Degree and Diploma holders in Engineering will start with their training shortly.

Further, during 1960 a number of short term courses ranging from 7 days to 15 days duration were organised in the Shipyard with the help of T.C.M. experts as well as experts attached to the National Productivity Council, for the development of managerial talents. These courses were conducted in subjects like work study, production planning, personnel management, executive development, etc. Also from time to time officers were seconded to attend similar courses conducted in Visakhapatnam under the auspices of the Institute of Management, Visakhapatnam. So far about 35 officers have attended one or more of these courses.

Besides, senior and middling executives have been deputed for training in the Administrative Staff College, Hyderabad. Already one Manager has finished his training in the Administrative Staff College and another has just been sent. Two technical officers are undergoing training abroad, one of whom is specialising in industrial engineering.

The Shipyard has also adopted a novel method of acquainting officers with the various aspects of management and the work of the Yard by arranging group discussions once every month for a dura-

tion of about an hour. All the officers including Managers, Assistant Managers and upto the level of Foremen, attend these group discussions. The Managing Director initiates the discussion at these group meetings by briefly explaining the subject matter and the principal objective of the discussion. This is followed by a free and frank exchange of views by the participating members, at the end of which, the gist of the discussion is summed up suitably by an officer assigned for the purpose. Some of the topics so far discussed are Cost Control, Prevention of Accidents, Annual Accounts, Financial Affairs of the Company, Leadership and *esprit de corps*, Planning and Coordination, Industrial Relations and their effect on production, etc.

The above mentioned courses and group discussions are further supplemented by film shows on subjects of interest to technical staff.

These measures have stimulated a lot of enthusiasm among the officers and the response has been very encouraging.

APPENDIX II

(Vide Introduction)

Analysis of the action taken by Government on the recommendations contained in the 116th Report of the Estimates Committee (Second Lok Sabha).

1. Total number of Recommendations made	16
2. Recommendations that have been accepted by Government (Vide recommendations Nos. 3, 4, 5, 6, 7, 8, 10, 11, 13, 14 and 16 referred to in Chapter II) :	
Number	11
Percentage to Total	68.75%
3. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (Vide recommendations Nos. 1, 2, 9 and 15 referred to in Chapter III).	
Number	4
Percentage to Total	25.0%
4. Recommendation in respect of which reply of Govern- ment has not been accepted by the Committee (Vide re- commendation No. 12 referred to in Chapter IV) :	
Number	1
Percentage to total	6.25%

