

COMMITTEE ON PUBLIC UNDERTAKINGS (1967-68)

NINETEENTH REPORT

(FOURTH LOK SABHA)

**Action taken by Government on the recommendations
contained in the Eighth Report of the Committee
on Public Undertakings (Third Lok Sabha)**

TOWNSHIPS AND FACTORY BUILDINGS OF PUBLIC UNDERTAKINGS

**MINISTRY OF FINANCE (BUREAU OF PUBLIC
ENTERPRISES)**



**LOK SABHA SECRETARIAT
NEW DELHI**

April 1968/Chaitra 1890 (Saka)

Price : Rs. 1.05

628-37412

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS

Serial No.	Name of Agent	Agency No.	Serial No.	Name of Agent	Agency No.
ANDHRA PRADESH			13.	Deccan Book Stall, Ferguson College Road, Poona-4.	63
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam)	8	RAJASTHAN		
2.	G. R. Lakshminipathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	94	14.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	3
ASSAM			UTTAR PRADESH		
3.	Western Book Depot, Pan Bazar, Gauhati.	7	15.	Swastik Industrial Works, 59, Holi Street, Meerut City.	2
BIHAR			16.	Law Book Company, Sadar Patel Marg, Allahabad-1.	48
4.	Amar Kitab Ghar, Post Box 78, Diagonal Rd. Jamshedpur.	37	WEST BENGAL		
GUJARAT			17.	Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24-Parganas.	10
5.	Vijay Stores, Station Road, Anand.	35	18.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
6.	The New Order Book Company, Ellis Bridge, Ahmedabad-6.	63	19.	Firma K. L. Mukhopadhyay, 6/1A, Banchharam Akkur Lane, Calcutta-12.	82
MADHYA PRADESH			DELHI		
7.	Modern Book House, Shiv Vilas Palace, Indore City.	13	20.	Jain Book Agency, Connaught Place, New Delhi.	1
MAHARASHTRA			21.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3
8.	M/s. Sunderdas Girachand, 601, Girgaum Road, Near Princess Street, Bombay-2.	6	22.	Atma Ram & Sons, Kashmere Gate, Delhi-6	9
9.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22	23.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11
10.	The International Book Service, Deccan Gymkhana, Poona-4.	26	24.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15
11.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30	25.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20
12.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60	26.	Lakshmi Book Store, 42 Municipal Market, Jangpeth, New Delhi	23

C O R R I G E N D A

Nineteenth Report of the Committee on Public Undertakings. (1967 - 68)

<u>Page</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(1)	20	and	8(1)/F-67, dated the 18th September, 1967
(i)	21 - 22	the existing entries	Ministry of Finance (Bureau of Public Enterprises O.M. No.481/Adv(F)/67, dated the 16th August, 1967. 4th November, 1966
(1)	24	4th November, 1967	the 16th August, 1967. 4th November, 1966
(iii)	23	consequent	consequent.
(v)	14	Repo	Report
8	21	construction	construct
9	31	It	It
10	24	FI/ISS/FG	FI/ISS/67
12	20	This is	This
13	35	dle	idle
16	3	designs	designs
20	8	giving	guiding
21	13	(tacker (that	(thacker (what
22	1	Delete 'of Parliament'	
22	26	Pa'd	Paid
30	25	prestnt	present
31	15	reserviors	reservoirs
32	19	Revied	Revised
39	2	bungalows	bungalow
39	23	ommittee	committee
40	12	beneficial	benefits
43	4	his	this
47	3	EAs	FAs
53	3	Agricultural	Architectural
56	8	publicity	publicly
68	19	availalle	available
68	24	on	an
69	1	thi	this

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
I. Report	I
II. Recommendations that have been accepted by Government	5
III. Recommendations which the Committee do not desire to pursue in view of Government's reply	26
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee	37

APPENDICES

I. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 378-Adv(c)/Cir-10/66, dated the 2nd December, 1966	44
II. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 332-Adv(c)/Cir-9/66, dated the 16th November, 1966	46
III. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 298-Adv(c)/Cir-4/66, dated the 4th November, 1966	48
IV. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 297-Adv(c)/Cir-3/66, dated the 4th November, 1966	49
V. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 884-Adv(c)/Cir-26/67, dated the 15th September, 1967, with two annexures	51
VI. Ministry of Finance (Bureau of Public Enterprises) O.M. Nos. and	57
VII. 8(1)/F-67, dated the 18th September, 1967 and 481/Adv(F)/67, dated the 16th August, 1967	59
VIII. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 296-Adv(c)/Cir-2/66, dated the 4th November, 1967	61
IX. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 322-Adv(c)/Cir-7/66, dated the 15th November, 1966, with two proformas	62
X. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 299-Adv(c)/Cir-5/66, dated the 4th November, 1966	66
XI. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 295-Adv(c)/Cir-1/66, dated the 4th November, 1966	67

	PAGE
XII. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 331-Adv(c)/Cir-8/66, dated the 16th November, 1966	68
XIII. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 385-Adv(c)/Cir-11/66, dated the 3rd December, 1966	70
XIV. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 321-Adv(c)/Cir-6/66, dated the 15th November, 1966	71
XV. Ministry of Finance (Bureau of Public Enterprises) O.M. No. 687-Adv(c)/Cir-21/67, dated the 9th August, 1967	72
XVI. Analysis of the action taken by Government on the recommendations contained in the 8th Report of the Committee on Public Undertakings (Third Lok Sabha)	73

COMMITTEE ON PUBLIC UNDERTAKINGS
(1967-68)

CHAIRMAN

Pandit D. N. Tiwary.

MEMBERS

2. Shri C. C. Desai.
3. Shri Surendranath Dwivedy.
4. Shri S. S. Kothari.
5. Shrimati T. Lakshmi Kanthamma.
6. Shri Krishnan Manoharan.
7. Shri Manubhai Patel.
8. Shri S. N. Shukla.
9. Shri Prem Chand Verma.
10. Shri Chandrajeet Yadava.
11. Shri Arjun Arora.
12. Shri Vimalkumar M. Chordia*.
13. Shri Banka Behary Das.
14. Miss M. L. Mary Naidu.
15. Shri Awadheshwar Prasad Sinha.

SECRETARIAT

Shri A. L. Rai—*Deputy Secretary.*

Shri M. M. Mathur—*Under Secretary.*

*Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha on 2-4-1968.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Nineteenth Report on the Action Taken by Government on the recommendations contained in the Eighth Report of the Committee on Public Undertakings—Township and Factory Buildings of Public Undertakings.

2. The Eighth Report of the Committee was presented to the Lok Sabha on the 4th May, 1965. The replies to recommendations contained in the Report were received on the 6th March, 1967.

3. The Committee considered the replies on the 18th April, 1968 and approved the draft report on the same day.

4. The Report has been divided into the following four Chapters:—

- (i) Report.
- (ii) Recommendations that have been accepted by Government.
- (iii) Recommendations which the Committee do not desire to pursue in view of Government's reply.
- (iv) Recommendations in respect of which replies of Government have not been accepted by the Committee.

5. An analysis of the action taken by Government on the recommendations contained in the Eighth Report of the Committee on Public Undertakings (3rd Lok Sabha) is given in Appendix XVI. It would be observed therefrom that out of the 54 recommendations contained in the Report, 63.89 per cent have been accepted by Government and the Committee do not desire to pursue 23.15 per cent of the recommendations in view of Government's reply. Replies of Government in respect of 12.96 per cent have not been accepted by the Committee.

D. N. TIWARY,

Chairman,

Committee on Public Undertakings.

NEW DELHI;

April 25, 1968/Vaisakha 5, 1890 (S).

CHAPTER I

A. Outlay on townships

Recommendation (Sl. No. 1) (Paras 7—10)

The Committee on Public Undertakings (3rd Lok Sabha) in paras 7—10 of their Eighth Report on Township and Factory Buildings of Public Undertakings noted that the total capital outlay on townships of Public Undertakings was of the order of Rs. 280 crores which constituted over 11 per cent of the total investment on the projects. The Committee felt that the incidence of the costs of townships, over the costs of production of the Undertakings was considerable. The Committee were of the view that if a substantial portion of the investment was spent on townships before any productive activity started it added considerably to the over-heads of an enterprise and affected its profitability. The Committee therefore felt that the public undertakings should follow a balanced approach in incurring expenditure on productive and non-productive activities and desired that the public undertakings should not follow standards and scales of accommodation which may attract public criticism. This underlined the need for laying down suitable guiding principles, norms and standards without any delay. The Committee urged that pending issue of detailed instructions, Government should impress upon public undertakings to pay utmost importance to economy in the matter and find ways and means of reducing the present rate of outlay on townships.

2. In reply, Government have stated that the scales of residential accommodation for different pay groups prescribed in 1963 have been revised and communicated to the public undertakings for adoption. In their Memorandum on Industrial Housing, addressed to all Ministries of the Government of India (*Vide* Appendix I) the Bureau of Public Enterprises has laid down that the future construction of residential buildings in public enterprises should conform to the following standards and pay ranges.

Type	Plinth Area Sq. ft.	Pay Range
I	365	Upto Rs. 110
II	400	Rs. 111 to 300
III	600	Rs. 301 to 600
IV	900	Rs. 601 to 1250
V	1500 + 200 (Servant's quarter & W.C.)	Rs. 1251 to 2000
VI	2100	Rs. 2001 and above.
	+ 240 (Servant's quarter)	
	+ 225 (garage)	

3. The Committee have noted that the Bureau of Public Enterprises in order to effect economy has issued instructions regarding construction of residential buildings in public sector undertakings but feel that the existing six categories of buildings should be reduced to four. The Committee are also of the view that the pattern of multi-storeyed flats to house employees, should be invariably accepted, in order to save space and expenditure now incurred on sprawling townships. As far as possible building of bungalows for residential purposes should also be discouraged.

B. Diversion of Funds

Recommendation (Sl. No. 3) (Para 15)

4. In the Third Five Year Plan, a sum of Rs. 50 crores had been provided for townships of all industrial undertakings (including departmental undertakings) of the Central Government. It was explained, during evidence that the Plan provision was not made on any basis and that this sum was an *ad hoc* provision. There was also an understanding with the Planning Commission that if an amount set apart for a project was not used for that purpose, the same could be diverted to housing.

5. The Committee on Public Undertakings did not approve of diversion of funds meant for productive purposes to housing and recommended in para 15 that, in future, the Plan provision for townships of public undertakings should be made in a realistic manner, after assessing the requirements of the various undertakings.

6. In reply, Government have merely stated that specific sanctions are issued after scrutiny of the actual requirements of each project.

7. The Committee are constrained to observe that the reply of the Government to this recommendation is not at all satisfactory. In no circumstances should money, earmarked for productive purposes like capital expenditure, be diverted for housing or any unproductive purposes. The Committee, therefore, reiterate their earlier recommendation and suggest that in future, adequate and separate provision of money for housing or townships of public undertakings should be made in the estimates.

C. Unit cost of houses

Recommendation (Sl. No. 4) (Paras 16—19)

8. The Committee on Public Undertakings in para 16 of their Eighth Report noted that there were wide variations in the cost of houses built by various projects located in the same area. The average cost per dwelling unit in most of the undertakings ranged between Rs. 11,000 and Rs. 27,000. In the case of bungalows for high officials, the cost of construction, per bungalow, ranged from Rs. 1.03 lakhs to Rs. 1.75 lakhs.

9. The Committee recommended that the plinth area for higher categories of houses might be reviewed and ceilings on cost of various categories of houses laid down at least on a regional basis.

10. In their reply, Government have stated that they have now laid down six categories of dwellings commensurate with the prescribed pay scales and are taking further action to effect reduction in cost of fittings, amenities and specifications. In view of the above measures such wide variations in cost are not likely to occur in future. They have stated that it is not practicable to fix ceilings on costs for various categories of residences on a regional basis, as the cost of building material, labour and leads vary considerably from place to place within the region itself.

11. The Committee while noting that the Government is seized of the matter would like to impress upon the Government that besides reducing the cost of residential buildings of higher categories, they should discourage the construction of bungalows, as far as possible.

D. Sale of plots to private parties or houses to employees

Recommendation (Sl. No. 18) (Para 69)

12. In 1960, the Ministry of Finance had suggested that a sector of the residential colony should be sold in plots to private individuals for building houses particularly near the market area and that some of the houses, built by the public undertakings should be sold to their employees on hire-purchase system; a sector of the colony should be set apart for such sales. In actual practice, however, none of the public undertakings had made any attempt to implement these suggestions.

13. The Committee had expected that suggestions emanating from the Government would be implemented by public under-

takings. Since this was not the case, the Committee felt that the Government should re-examine the matter in the light of the position prevailing in the private sector undertakings and issue suitable instructions for observance by all the public undertakings.

14. The Government have stated in reply that they do not consider the suggestion practicable as land once acquired for public undertakings for a specific purpose in the public interest cannot be sold to private parties and may lead to legal complications. Moreover once the land is sold to private parties the public undertakings cannot have any control over the rent charged, the allotment of premises and the use to which it is put. In the case of sale of houses to employees of public undertakings, once an employee retires, the undertakings will have to go in for further construction. The management of such transactions will be an increasing burden on the undertaking and will tend to divert its attention from its main task of production.

15. It has been suggested to the Committee that land and house accommodation may be made available by the Government to private sector auxiliary and allied industries in the townships of public undertakings. This suggestion deserves serious consideration by Government, keeping in view the overall growth of industry and trade around public sector undertakings.

E. General

16. A perusal of the replies furnished by the Government show that action on most of the recommendations has been initiated in November, 1966. Almost all the instructions were issued to the public undertakings in November/December, 1966, i.e. one year and nine months after the presentation of the Report. Besides this, in as many as 10* cases, the Government have stated that the Bureau of Public Enterprises "will attend to this work".

17. The Committee regret to note that no serious effort was made by the Government to examine and implement the recommendations of the Committee for a long time and now, in view of repeated reminders, they have hurriedly processed the recommendations and have given interim replies in a number of cases. The Committee, therefore, urge upon the Government to take prompt action on the recommendations made by the Committee in future. Such protracted delays do no credit to the Ministries concerned and also set a bad example for the others.

*Sl. Nos. 6, 11, 19, 20, 35, 37, 38, 42, 51 & 52.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (S. No. 7)

The provision of hospital facilities by public undertakings in places where these are not available is a step in the right direction. The Committee are however, of the view that to begin with, hospital facilities should be provided by the undertakings on a modest scale and they should be gradually developed to meet full requirements. Instead of following this salutary principle of phasing the provision of hospital facilities, most of the undertakings have provided them on a liberal scale from the very beginning resulting in high capital and recurring expenditure. The Committee recommend that in the light of these remarks, Government should look into the matter and prescribe the stages, extent and the manner in which hospital facilities should be provided by the public undertakings. (Para No. 35).

REPLY OF GOVERNMENT

Public undertakings have been advised to phase the provision of hospital, educational and recreational facilities according to actual requirements. (Copy of Cir. No. 332-Adv. (c)/Cir-9/66, dated the 16th November, 1966—Appendix II).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 10)

(a) *As public undertakings have to run on a commercial basis, it is not advisable for them to incur heavy capital and recurring expenditure on providing educational facilities which is the responsibility of the State Governments under the Constitution. The most that the undertakings should do is to construct buildings at a reasonable cost and to meet recurring expenditure from the assistance obtained from the State Governments and fees from pupils. It would, however, be desirable if the provision of educational facilities is settled with the State Governments at the time of deciding on the location of the projects in a State. The Committee recom-*

mend that Government should look into this matter and evolve a suitable pattern for the provision of educational facilities in the public undertakings.

(b) They would further suggest that in places (like Ranchi, Durgapur, Bangalore, etc.) where more than one undertaking is located, the feasibility of providing common educational facilities at Secondary and Higher stages and hospitalisation and special treatment facilities should also be considered, as it would enable the undertakings to provide better facilities at a lesser cost. (Para Nos. 45 to 46).

REPLY OF GOVERNMENT

(a) Public Undertakings have been advised to restrict the expenditure on educational facilities to the construction of school buildings only and to meet the recurring expenditure with assistance to be obtained from the State Governments and fees from the pupils.

The suggestion that the provision of educational facilities should be settled with the State Governments at the time of deciding the location of the Project in a State will be kept in view to the extent possible.

(b) The suggestion of the Parliamentary Committee regarding the desirability of providing common community facilities in places where more than one public sector undertaking is located has been brought to the notice of the Ministries concerned for giving effect to the same, to the extent possible. (Copy of Circular No. 298-Adv. (c)/Cir-4/66, dated the 4th November, 1966—(Appendix III).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 11)

The costs of recreational facilities (like clubs, community centres auditorium, play-grounds, parks etc.), as well as of shopping centres and other public utility buildings provided by the public undertakings in their townships are also on the high side. The Committee recommend that Government should devise norms and standards for recreational and other facilities and impress upon public undertakings the need for economy in these matters. (Para No. 47).

REPLY OF GOVERNMENT

The Bureau of Public Enterprises propose to fix norms and standards in this regard.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated 6th March, 1967].

Recommendation (S. No. 14)

Public undertakings have not properly phased the construction of houses required for their employees. To invest large sums of money on housing in the beginning results in avoidable waste. It also affects adversely the profitability and cost of production of the undertakings. It is imperative that undertakings should manage with a minimum number of houses in the beginning and increase their number later by meeting the expenditure from their earnings to the extent possible. It may also be examined whether sharing of accommodation would be feasible, as is allowed by the Central Government at Delhi. The Committee recommend that Government should lay down suitable guiding principles in this regard. (Para No. 56).

REPLY OF GOVERNMENT

Sanction for construction of townships are now being accorded in phases to meet minimum requirements.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated 6th March, 1967].

Recommendation (S. No. 15)

To construct permanent houses with a life expectancy of 50 to 100 years at places where the operations of the public undertakings are likely to last for 20 to 25 years only is wasteful. It is surprising that neither the Government nor the public undertakings concerned gave any consideration to this matter for so long. The normal thing in such cases was to go in for semi-permanent or temporary structures lasting for 20 to 25 years as is done by the collieries in the private sector. Had this been done, it would have been possible to effect considerable savings in capital costs in Ankleshwar and Cambay oil/gas fields. The Committee trust that Government would ensure that in future the public undertakings like the Oil and Natural Gas Commission, National Coal Development Corporation etc. suitably modify the specifications of accommodation so as to relate its life to that of the assets. (Para No. 59).

REPLY OF GOVERNMENT

The desirability of providing semi-permanent or temporary structures in places where operations of the Public Undertakings are likely to last for a period of 20 to 25 years only, as in the case of oil fields, coal fields, mines etc., rather than providing permanent structures at a high cost, has been brought to the notice of the Ministries concerned for bearing this in mind while according sanction to Project Estimates. (Copy of Circular No. 297-Adv. (c)/Cir-3/66, dated the 4th November, 1966—Appendix IV).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 16)

In a planned and rapidly developing economy, like ours, there are bound to be various compelling demands on the public resources. The provision of houses in public undertakings is no doubt necessary but more urgent is the need to utilise the available resources for increasing their productive capacity. It is, therefore, desirable that investment on housing should be kept as low as possible. One way of doing so would be by resorting to cheaper structures of semi-permanent type with a life expectancy of 20 to 30 years. Apart from economy, this would enable the public undertakings to construct houses according to the changing pattern and ideas. The Committee recommend that the economics of putting up such houses should be thoroughly got examined by Government, if necessary in collaboration with the National Buildings Organisation and the Central Building Research Institute. (Para No. 61).

REPLY OF GOVERNMENT

All efforts are being made to keep the cost as low as possible and a Standing Committee has been constituted in the Bureau of Public Enterprises with representatives from the National Building Organisation, Central Building Research Institute and important undertakings for this purpose.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 19)

The Committee regret to observe that the public undertakings have followed very liberal scales of accommodation particularly for

the higher categories of their employees. No proper standards were fixed by Government in this regard till 1960. In the absence of any direction from the beginning to adhere at least to Government scales, the public undertakings appear to have fixed their own standards of accommodation. What is more surprising is that the scales of accommodation prescribed by the Ministry of Finance in 1960 are also not being followed by all the public undertakings. It is to be expected that the standards once fixed by Government are strictly adhered to by the undertakings. The Committee hope that the newly set up Bureau of Public Enterprises would look into such matters and ensure that all instructions issued by Government are complied with by the public undertakings. (Para No. 76).

REPLY OF GOVERNMENT

Revised scales of accommodation and pay ranges for entitlement have been fixed by the Bureau of Public Enterprises and communicated to the Projects for adoption. Steps would be taken by the Bureau to see that standards are being followed.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated the 6th March, 1967].

Recommendation (S. No. 20)

It is desirable to lay down two or three alternative standard designs for various categories of houses on a regional basis so as to have variety while ensuring maximum economy. The Committee recommend that this should be done. (Para No. 78).

REPLY OF GOVERNMENT

This work will be attended to by the Bureau of Public Enterprises.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated 6th March, 1967].

Recommendation (S. No. 21)

(a) I may be desirable to invite competitive tenders for the plans and designs of townships from the various architects so as to secure both economy and suitability to local needs. In that case it is not necessary for the undertakings to set up their own elaborate Architect and Town Planning Organisations with attendant difficulty of retrenchment of staff later on. The Committee recommend that Government should examine the matter and issue suitable instructions to the public undertakings.

(b) *They further suggest that the desirability of prescribing standard schedules of rates for private architects may also be considered.* (Para. No. 81).

REPLY OF GOVERNMENT

(a) & (b). This matter is being referred to the Standing Technical Committee for advice.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated 6th March, 1967].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

Has the matter been examined by the Standing Technical Committee? What is the opinion of the Committee and Government's decision thereon?

(L.S.S. O.M. No. 25-PU/64, dated 26-7-67)

FURTHER REPLY OF GOVERNMENT

(a) The suggestion made by the Committee has been examined in consultation with the Institute of Architects and the Institute of Town Planners. A circular has been issued to the Public Sector Undertakings in this regard, a copy of which is attached. (Appendix V).

(b) Standard schedule of rates have been prescribed by the Institute of Architects and the Institute of Town Planners, for the various services to be rendered by the Architects and the Town Planners, and they are bound by these rates.

[Ministry of Finance (Bureau of Public Enterprises) D.O. No. 683/ FI/ISS/rc, dated 18th September, 1967].

Recommendation (S. No. 22)

The Committee feel that the present level of expenditure on the hostels in the public undertakings is high and it needs to be brought down by laying down suitable norms and standards. The feasibility of using residential flats temporarily as hostels for meeting the needs of foreign experts, as has been done at the Koyali refinery, may also be examined. (Para No. 84).

REPLY OF GOVERNMENT

Suitable norms and standards for hostel buildings will be prescribed and communicated to the Projects for adoption. Permanent

residential quarters are being temporarily used as hostels for meeting the needs of foreign experts wherever practicable.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated 6th March, 1967].

Recommendation (S. No. 23)

(a) The present practice of meeting the entire cost of townships from out of the capital provided for the execution of the projects is neither sound nor in consonance with prudent commercial practice. It results in the over-capitalisation of the projects and renders the evaluation of their performance of comparisons with other similar undertakings unrealistic. The outlay on townships should normally be met from loans, internal resources and subsidies. The Committee recommend that the matter may be examined by Government and a suitable pattern of financing the outlay on townships of the public undertakings evolved.

(b) It is also desirable that the estimates of cost of townships should be shown separately while seeking approval of Parliament for investment in public undertakings. The expenditure incurred on townships should also be shown separately in the Annual Accounts of the Public undertakings. (Para. Nos. 86-87).

REPLY OF GOVERNMENT

(a) & (b). The matter is being examined.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated 6th March, 1967].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

(a) Whether the matter has since been examined and a suitable pattern of financing the outlay on townships of the public undertakings has been evolved?

(b) Whether the Government have accepted the recommendation and if so, what precise steps have been taken by them in this matter?

[L.S.S. O.M. No. 25-PU/64, dated the 26th July, 1967].

REPLY OF GOVERNMENT

The recommendation has been accepted by the Government. So far as the utilisation of internal resources of the company for the townships is concerned, the townships usually come up simultaneously with the construction of the project and, therefore, there is little

or no scope of utilising the internal resources for the establishment of township in their earlier stages. After meeting the requirements of working capital, and repayment of loan instalments, the available internal resources may be considered for utilisation for townships. So far as subsidies from State Governments are concerned, the advantage of these are being taken by the undertakings whenever possible. With regard to the financing of the outlay on townships from the capital loans is concerned, this has been accepted in principle by the Government and a circular has been issued drawing the attention of the public sector undertakings to this effect. A copy of the circular is placed below for the information of the Committee. (Appendix VI).

The recommendation has been accepted by the Government and all Public Sector Undertakings have been informed accordingly vide our Circular dated 16th August, 1967, (Appendix VII).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 8(1) F-67, dated the 18th September, 1967].

Recommendation (S. No. 25)

The construction of factory buildings has been delayed in many projects. The delays range from 1 to 3 years. This is not only led to delays in their commissioning and increase in costs but also resulted in keeping the plant, machinery and manpower idle. The Committee are greatly concerned at these abnormal delays in the construction of factory buildings and other civil works which adversely affect the economy of the projects. A certain measure of delay during construction might be inevitable due to our dependence on foreign help and nature of the projects. But the delays of 1 to 3 years could only be due to lack of planning, proper programming and lack of coordination with the consultants. It is surprising that these delays continue to recur even in the expansion programmes of old plants. With the experience of planning and development for more than a decade, it should be possible to reduce these delays considerably. The Committee recommend that a comprehensive study into the causes of the delays should immediately be undertaken by Government and proper remedial measures devised. (Para. Nos. 91—94).

REPLY OF GOVERNMENT

The study has been carried out by the Planning Commission in respect of certain selected Projects and suggestions have been made for proper scheduling of the future Projects.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 26)

In a number of projects detailed soil investigations have been carried out subsequent to selection of sites leading to change of sites, revision of plans and drawings, extra expenditure on foundations and consequent delay in construction. As choice of a wrong site would involve the projects into costly delays, it is necessary that prior detailed soil investigations must be conducted. In the light of the past experience, it appears that it will be cheaper to pay compensation for private land rather than incur expenditure on fresh investigations during the construction phase. The Committee recommend that the matter may be examined by Government and suitable principles laid down for future guidance. (Para. Nos. 95—97).

REPLY OF GOVERNMENT

The attention of the Public Undertakings has been drawn to the importance of proper soil investigations through any of the existing specialised Government agencies, before selection of a site for locating a project. (Copy of Circular No. 296-Adv. (c)/Cir-2/66, dated 4th November, 1966, Appendix VIII).

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 28)

It appears that in many cases construction equipment in excess of requirements has been imported by the public undertakings and it is not being put to full use. It is also possible that equipment has been imported by some projects which might be lying idle or surplus at certain other projects in the country. The Committee regret to observe that there has been lack of proper planning in the procurement of costly construction equipment by the public undertakings and lack of co-ordination in pooling the equipment with a view to its maximum utilisation by the various projects in the interest of the national economy. It is surprising that before sanctioning foreign exchange Government did not satisfy itself regarding the need for such equipment and ensure that the same type of equipment which was lying idle or surplus in projects was not imported. (Para. No. 103).

REPLY OF GOVERNMENT

Steps are being taken to assess the surplus equipment for its utilisation elsewhere, where it may be needed, and undertakings for proper utilisation of the available construction machinery.

[Copy of Circular No. 322-Adv. (c)/Cir. 7/66, dated 15th November, 1966—Appendix IX].

Recommendation (S. No. 29)

The most disquieting feature has been that in many cases hire charges are recovered from the contractors on an ad-hoc basis and these are much less than even the maintenance costs of the equipment. This indicates failure to safeguard the financial interests of the undertakings. It also shows that the Finance and Accounts Officers are not properly trained and oriented to take care of the interests of the undertakings. The Committee recommend that Government should investigate the reasons for not fixing economic rates of hire charges by the various undertakings and fix responsibility therefor. They also urge that it should be ensured that in future economic rates of hire charges are fixed and followed by all the public undertakings. (Para. No. 104).

REPLY OF GOVERNMENT

The concerned Ministries have been requested to investigate the reasons for recovery of hire charges on ad-hoc basis and to direct the Finance and Accounts Officer of the Public Undertakings to fix economic rates of hire charges for construction equipment and allied machinery hired out to contractors.

[Copy of Circular No. 299-Adv. (c)/Cir. 5/66, dated 4th November, 1966—Appendix X].

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated the 6th March, 1967].

Recommendation (S. No. 30)

The manner in which the costly construction equipment is being maintained and disposed of by public undertakings is disturbing. It is not unlikely that large quantities of this equipment are lying surplus to requirements in various projects which could be reconditioned. Considering the value of known construction equipment which is over Rs. 18 crores in the public undertakings, the Committee suggest that Government should appoint an expert Committee to ascertain the total quantity of such equipment obtained by undertakings (both imported and indigenous), its life, its utilisation and the extent of surplus. That Committee may also consider the advisability of pooling the construction equipment on a regional or other basis with a view to its maximum utilisation and avoidance of unnecessary imports. (Para No. 106).

REPLY OF GOVERNMENT

Further action will be taken on the basis of information received from various public sector undertakings in respect of surplus equipment as referred to in the reply to Sl. No. 28, para 103 above.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated the 6th March, 1967].

Recommendation (S. No. 31)

(a) Production of construction materials has not kept pace with the demand in the country. This has not only led to delays in the construction of projects but has also entailed heavy imports. The Committee urge that necessary steps should be taken by Government to assure timely availability of construction materials for the various projects from indigenous sources.

(b) Though the establishment of heavy structural works was recommended by the U.K. Heavy Engineering Mission as far back as 1957, nothing has yet been done to set up the same despite their inclusion in the Third Five Year Plan. These works are in pre-requisites for establishment of any heavy engineering industry. The Committee recommend that Government should now accord the highest priority for setting up adequate capacity for steel structural fabrication in the country. (Para Nos. 110-111).

REPLY OF GOVERNMENT

(a) Considerable progress has since been made in the indigenous availability of construction materials, and the position is being constantly reviewed.

(b) The suggestion is receiving attention. Structural steel shops with large capacities for steel structural fabrication have been and are being set up at Heavy Engineering Corporation, Ranchi Triveni Structural at Allahabad and Mining and Allied Machinery Corporation. Sufficient capacity is not available.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated the 6th March, 1967].

Recommendation (S. No. 32)

The Committee understand that a new factory shed designs have been perfected by the Central Mechanical Engineering Research Institute, Durgapur and by its use the expenditure on factory buildings could be reduced by about 10 per cent. They recommend that

besides other avenues of cost reduction, Government should impress upon the public undertakings the need to adopt new techniques and designs for affecting savings in the construction of factory buildings. (Para Nos. 113—115).

REPLY OF GOVERNMENT

The recommendation is accepted and steps in this direction would be taken in consultation with the Standing Technical Committee.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 33)

Plans and designs for even ordinary types of civil works have been obtained from the consultants by some of the public undertakings. It is obviously not necessary to seek assistance of foreign collaborators for plans and designs for buildings which could be prepared by the Indian Engineers. The Committee recommend that Government should issue instructions to the public undertakings to avoid recurrence of such cases. (Para Nos. 116—118).

REPLY OF GOVERNMENT

The observations of the Committee on Public Undertakings in this regard has been brought to the notice of the Ministries and Undertakings concerned.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 34)

It is possible to effect considerable economies in construction costs of factory buildings if an independent check is exercised over the plans, designs and specifications suggested by the Consultants. It will also have the additional advantage of our acquiring the technical know-how. The Committee recommend that plans, designs and specifications suggested by Consultants should be carefully examined before they are accepted. (Para No. 121).

REPLY OF GOVERNMENT

The observations of the Committee have been brought to the notice of the Ministries concerned and the Public Undertakings for effecting an independent scrutiny of the plans; designs, and specifications.

cations suggested by consultants for factory buildings, with a view to effect economy and to meet local requirements.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 35)

There is a large area of civil works where the same plans and designs could be applied in a number of projects. This will result not only in expeditious completion of factory buildings and other civil works but will also result in economy. The Committee, therefore, recommend that suitable standard plans, models and codes for factory buildings and other civil works like administrative offices, canteens, etc., should be evolved which could be commonly adopted by all or most of the public undertakings. (Para No. 123).

REPLY OF GOVERNMENT

This work is being undertaken by the Bureau of Public Enterprises.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 37)

Each major undertaking has developed a planning and design organisation for civil engineering works. A Technical Consultancy Bureau has also been set up by Government under the National Industrial Development Corporation to undertake preparation of detailed project reports, working drawings of structurals, etc., for the public sector projects. So far, there has been little attempt at pooling and coordinating the experience gained by the various undertakings in the field of planning and designing for civil engineering, for which there is an urgent need to reduce our dependence on foreign countries. The committee recommend that government should take suitable steps towards this end. The representatives of the Ministries have agreed to rationalise the present design organisations. (Para No. 130).

REPLY OF GOVERNMENT

The Bureau of Public Enterprises will attend to this work.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 41)

There have been a large number of cases in Public undertakings in which the value of contracts has been increased after they were awarded. The upward revision in the value of contracts in such a large number of cases is another instance of inadequate attention

being paid by the public undertakings to the planning and programming of works. They indicate that the works have been rushed through. This not only results in wastage but also tends to vitiate the very basis of the contract system. The Committee recommend that as far as possible all the detailed plans and specifications should be worked out by the public undertakings before the award of a contract. (Para Nos. 140-141).

REPLY OF GOVERNMENT

The observations of the Committee on Public Undertakings have been brought to the notice of the Public Undertakings.

[Copy of Circular No. 295-Adv. (c)/Cir. 1/66 dated 4th November, 1966—Appendix XI].

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 42)

There have been unusual provisions in the contracts entered into by certain public undertakings with the contractors. The grant of such unusual facilities to the contractors has implications on the cost of a project. It is also open to public criticism. It is therefore desirable that terms and conditions of contracts should be broadly standardised for guidance of the public undertakings. Any variations in the standard terms after they have been prescribed should be brought to the notice of the Boards of Directors for review. (Para Nos. 142—144).

REPLY OF GOVERNMENT

The Planning Commission is setting up a Committee to examine the question of standardising the general terms and conditions of contracts. The Bureau of Public Enterprises is associated with this work.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 43)

The Committee regret to observe that the land requirements for factories in most of the public undertakings have not been assessed in a proper and systematic manner. Too much margin has been kept for expansion and fairly large areas in excess of requirements have been acquired and are lying unutilised. In the case of three steel plants alone, such areas are as much as 21, 154 acres. (Para No. 149).

REPLY OF GOVERNMENT

Attention of the Public Undertakings has been drawn to the need for judicious assessment of the requirements of land.

[Copy of Circular No. 331-Adv. (c)/Cir. 8/66, dated 16th November, 1966—Appendix XII].

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 44)

The Committee are constrained to observe that neither Government nor the public undertakings have given proper attention to the efficient and economical use of land in the townships. The layouts of the townships are sprawling resulting in high expenditure on roads, streets, lighting, transport, sewerage and maintenance, apart from hampering agricultural production by keeping the land unutilised. Had the norm of a minimum of nine dwelling units per acre been followed from the beginning, as has now been suggested by the Committee on Plan Projects, about 6,500 acres of land could have been saved at Sindri and Nangal alone. It is surprising that even after the Report of the Committee on Plan Projects was published in 1963, no attempt was made by Government to ensure that the recommendations made there were followed by the public undertakings in actual practice. The Committee recommend that Government should issue instructions to the public undertakings to adhere to the norms laid down in the Report of the Committee on Plan projects. The Committee further suggest that the feasibility of constructing multi-storeyed buildings by the public undertakings should also be considered. (Para No. 153).

REPLY OF GOVERNMENT

To ensure that the prescribed standards laid down by the Committee on Plan Projects are generally adhered to, standard proforma township estimate has been evolved.

[Copy of Circular No. 385-Adv. (c)/Cir. 11/66, dated 3rd December, 1966—Appendix XIII].

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 45)

The acquisition of land in excess of requirement and its subsequent surrender at a loss by certain undertakings (like Nangal

Fertiliser plant) is another example of waste and lack of proper care and planning. In many other projects excessive land has been acquired and is lying unutilised. It needs no emphasis that the land requirements should be initially determined in a proper and planned manner after taking into account the immediate needs as well as keeping a suitable margin for foreseeable expansion of plants and townships, needs of ancillary industries, if any. The Committee recommend that Government should lay down suitable giving principles for proper assessment of land requirement for public sector projects without any delay. (Para No. 156).

REPLY OF GOVERNMENT

Instructions issued to the Public Undertakings for judicious assessment of the land requirements of factories, as referred to in the reply to Sl. No. 43, para 149 above will cover the suggestion made herein.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 46)

The Committee feel that in view of the food shortage in the country it would be desirable if the land which has been required for expansion and is not being used, is leased out temporarily for cultivation. Such an arrangement would provide some income to the undertakings, besides augmenting agricultural production. When leasing out such land preference should be given to persons displaced from that area. (Para No. 158).

REPLY OF GOVERNMENT

The observations of the Committee has been brought to the notice of the Public Undertakings.

[Copy of Circular No. 321-Adv. (c)/Cir. 6/66, dated 15th November, 1966—Appendix XI].

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 48)

The estimates regarding the cost of land by the State Governments in the beginning have proved to be very low. After the decision to locate a project had been taken the prices had increased due to various reasons. This not only led to acquisition delays but also increased the cost of projects. It is therefore necessary to undertake a study of land costs in various projects and find ways and

means by which the prices could be limited to a ceiling in the beginning. It may also be desirable to rectify the present lacunae in the existing law regarding appeal by the project authorities against the award of the Land Acquisition Officer. The representatives of the Ministries have agreed to undertake the necessary study and place the difficulties before the Thacker Committee. (Para No. 166).

REPLY OF GOVERNMENT

This matter is being examined.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

Whether the matter has been studied by the Government and their difficulties placed before the Tacker Committee? If so, that is the advice of the Thacker Committee and the further action being taken on the recommendation of the Committee?

(L.S.S. O.M. No. 25-PU/67, dated the 26th July, 1967).

REPLY OF GOVERNMENT

The suggestion of the Parliamentary Committee on Public Undertakings that it would be desirable to undertake a study of land costs in various projects, and find ways and means of limiting prices of land to a ceiling, has been communicated to the Ministries incharge of Public Undertakings, for necessary action.

[A copy of Circular No. 687-Adv(C)|Cir-21|67 dated 9-8-1967—Appendix XV.]

In regard to the suggestion of the Parliamentary Committee that it may be desirable to rectify the present lacunae in the existing law regarding appeal by the project authorities against the award of Land Acquisition Officer, the following steps have been taken:—

- (i) The report of the Thacker Committee on 'Land Acquisition Proceedings' have been communicated to the State Governments for adoption.
- (ii) Other matters relating to 'land acquisition' not covered by the Thacker Committee have been examined by an Expert Group in the Ministry of Food & Agriculture. The report submitted by this Expert Group has also been forwarded to the State Governments for further action.

- (iii) A new Committee consisting of Members of Parliament of both Houses of Parliament, and nominees from State Governments, has also been constituted to examine the entire frame-work of the Land Acquisition Act, 1894, in the context of a rapidly developing economy of the country. The report of the Expert Group mentioned at (ii) above, is also proposed to be placed before this Committee for further consideration.

[Ministry of Finance (Bureau of Public Enterprises—D.O. No. 611/ FI/ISS67, dated the 11th August, 1967].

Recommendation (S. No. 49)

There have been deviations from the original assurances given by State Governments in regard to land, power, water etc. in respect of a number of projects. It appears that departures from original assurances may have been due to lack of clear understanding with the State Governments. It is therefore necessary that all the terms regarding land, water, power, etc. should be clearly settled at the time of determining the location of the projects. (Para Nos. 167-168).

REPLY OF GOVERNMENT

Suggestion is noted.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 50)

The Committee, while appreciating the difficulties regarding rehabilitation of families displaced by acquisition of land for the projects, feel that once the compensation for the land has been paid the projects should not be burdened further on that account. If any additional expenditure becomes necessary on rehabilitation it should be borne by the Central or the State Governments. They would recommend that some guiding principles should be laid down by Government in the matter.

They would however urge that while recruiting persons for posts in the lower categories in the public undertakings preference should be given to persons displaced from the areas acquired for the projects. (Para No. 171).

REPLY OF GOVERNMENT

The Government have already issued orders in this regard.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated the 6th March, 1967].

Recommendation (S. No. 51)

The Committee note that cost reduction units have not been set up by most of the public undertakings. They were informed by the representatives of the Oil and Natural Gas Commission, Fertiliser Corporation of India and Hindustan Steel that the Ministries concerned did not bring the suggestions made by the Planning Commission to the notice of the undertakings. The Committee recommend that Government should issue necessary instructions now and ensure their implementation. (Para No. 174).

REPLY OF GOVERNMENT

In major public undertakings, design organisations play the role of cost reduction units. Besides, the Bureau of Public Enterprises are taking steps to standardise plans, designs, scales of amenities, etc. with a view to keep costs down. The revised scales of residential accommodation have since been prescribed.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated the 6th March, 1967].

Recommendation (S. No. 52)

It is regrettable that while large amounts of money are being spent on Building Research in the country, no serious attempt has been made by the public undertakings to apply the results of research in their construction works. It was not enough to have left it to the individual undertaking to contact the research organisations as they would be hesitant to initiate the new techniques. The Committee consider that Government should have taken the initiative and ensured that the results of research were put into practical use by the public undertakings. They trust that this will now be done by Government. (Para No. 177).

REPLY OF GOVERNMENT

This work will be attended to by the Bureau.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/ FI/67, dated the 6th March, 1967].

Recommendation (S. No. 53)

As model employers, it is necessary for the public undertakings to provide housing, medical, educational and other facilities for their employees, particularly in places where such facilities are not available. But the examination has revealed that much avoidable expenditure has been incurred in providing these facilities and there is scope for economy in this regard. In the absence of proper norms and standards, the scales of accommodation have been on the high side. Expenditure on utility services and other facilities has been lavish. The layouts of the townships are sprawling resulting in high expenditure on water, power, sewerage, roads, and maintenance. In many cases houses have been built in excess of requirements. Business prudence required that the construction of townships should have been phased and related to the actual needs as they arise from time to time. Most of the undertakings have not availed of the financial assistance from the State Governments and other specialised agencies for their housing, educational and medical facilities which would have considerably reduced their burden. The Committee are constrained to observe that the public undertakings have not been adequately cost-conscious (Para No. 178).

REPLY OF GOVERNMENT

The various suggestions have been noted and action is being taken on them as indicated in the earlier paragraphs.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 54)

The Committee are concerned to note that delays and difficulties in the construction of factory buildings and other civil works continue to recur in most of the public undertakings. If the experience in the execution of projects for more than a decade had been polled, it should have been possible to plan the projects better and execute them speedily and economically. Unfortunately this had not been done. There is also no indication that these aspects of the public undertakings are receiving adequate attention. The instructions issued by the Ministry of Finance in 1963 regarding housing standards in public sector projects were not followed. The valuable suggestions in the Reports of the Committee on Plan Projects and in the Third Five Year Plan itself aimed at economy and efficiency in construction remain largely unimplemented. The Committee feel that a

stage should come when Government should pool the experience gained, issued suitable instructions to the public undertakings and ensure their implementation (Para No. 180).

REPLY OF GOVERNMENT

The various suggestions have been noted and action is being taken on them as indicated in the earlier paragraphs.

[Ministry of Finance (Bureau of Public Enterprises) O.M. No. 489/FI/67, dated the 6th March, 1967].

CHAPTER III

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

Recommendation (S. No. 2)

The expenditure on townships of the public undertakings ranges between 3 to 49 per cent of the investment on projects. In most cases it is 15 to 30 per cent. The Committee appreciate that it is not possible to apply a uniform yardstick for expenditure on townships. But in view of the present high costs of townships and wide variation in its percentage to the total investment on a project it is desirable that Government should prescribe an upper limit for expenditure on townships taking into account the requirements of various types of undertakings. (Para Nos. 11—13).

REPLY OF GOVERNMENT

The Bureau is endeavouring to ensure that the cost of township does not exceed 10 per cent of the Project cost, or in special circumstances 15 per cent thereof. The Bureau, however, feels that prescribing ceilings alone is not sufficient for this purpose, as in some cases even a ceiling of 10 per cent might turn out to be a higher figure than what is actually required. The Bureau is, therefore, evolving standard plans, designs and specifications to ensure that the cost of townships is kept at the minimum. The Bureau has also been advising individual enterprises on their special problems in this respect.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/FI/67, dated the 6th March, 1967].

Recommendation (S. No. 5)

Most of the public undertakings have not taken advantage of the Subsidised Housing Scheme for Industrial Workers under which financial assistance to the extent of 75 per cent (25 per cent as outright subsidy and 50 per cent as loan) of the cost of houses for Workers drawing pay upto Rs. 350 per month is admissible. It is surprising that neither the administrative Ministry nor the Finance Ministry brought this scheme to the notice of the public undertakings and insisted on their availing of the assistance. On the other

And the scales and standards of accommodation fixed by Government in 1960 for public sector projects were higher than those prescribed under the Scheme, thus making it impossible for the public undertakings to avail of the assistance. The proper course would have been to review the scales and standards of the Subsidised Housing Scheme and to bring them on par with those prescribed in 1960 for the public sector projects. This was, however, not done and the public undertakings were placed at a handicap. The Committee recommend that Government should now review the position so as to enable the public undertakings to avail of the assistance under the Subsidised Housing Scheme. Since funds for this Scheme are made available by the Central Government, it is but proper that public undertakings should get this assistance direct from the Centre rather than through the agency of the State Governments. (Para No. 25).

REPLY OF GOVERNMENT

Upto the end of December 1964, 22 public undertakings have availed of the financial assistance available under the Subsidised Industrial Housing Scheme to the extent of Rs. 1.53 crores out of a total central assistance of Rs. 8.10 crores. It may also be stated that certain other projects did approach the State Governments for assistance under this scheme, but nothing was forth-coming because of the limited funds at their disposal. It would thus appear that the channelisation of funds through the State Governments has not stood in the way of the Public Enterprises taking advantage of the scheme to the extent of the availability of funds.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/FI/67, dated the 6th March, 1967].

Recommendation (S. No. 6)

(a) The expenditure on utility services (i.e. water, power, sewerage and roads) in the townships of public undertakings varies very widely and is on the high side. The Committee recommend that Government should undertake a study of the costs and scales of services in the townships of public undertakings and laydown suitable norms and standards therefor.

(b) They further suggest that a ceiling on the supervision charges during construction, which in some cases have been as high as 13 per cent of the outlay on townships, should also be fixed. (Para No. 31).

REPLY OF GOVERNMENT

(a) & (b) *The Bureau of Public Enterprises will lay down suitable norms and standards for utility services, supervision charges in consultation with the Technical Standing Committee, which has been constituted to deal with such cases.*

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 12)

It is surprising that the instructions issued by the Ministry of Finance in regard to the extent of subsidy for housing in the public sector projects are not being followed by the public undertakings. The Committee trust that Government would look into the matter and ensure that the amount of concealed subsidy in townships of public undertakings is kept within the prescribed limits. (Para No. 50).

REPLY OF GOVERNMENT

Since the issue of the instructions in 1960 regarding the extent of subsidy for housing in the public sector projects, the cost of construction has steadily gone up whereas the rents to be recovered are fixed. Hence, it has not been possible to strictly limit to the extent of prescribed subsidy. However, steps have been taken to review the scales of accommodation with a view to effect economy. Steps are being taken to standardise specifications, scales of amenities in the various categories of quarters. Norms and Standards for services are also being evolved. These various measures undertaken by the Bureau of Public Enterprises, it is hoped, will lead to reduction in cost of construction with corresponding effect on the extent of subsidy.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/ FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 13)

Even in cities like Bombay, projects have provided accommodation for the staff on an extensive scale. For example, the Trombay Fertiliser project has provided accommodation for 97 per cent staff as against 21 per cent by the Air India. Evidently the accommodation provided in some cases is on a scale larger than necessary. The present fluidity in the provision of accommodation for the em-

ployees of the public undertakings is not conducive to economy in the cost of construction of townships. The Committee recommend that Government should lay down the percentage of staff for whom accommodation should be provided by the public undertakings in the beginning having regard to the proximity of projects to any towns or cities. (Para No. 53).

REPLY OF GOVERNMENT

The suggestion will be kept in view while sanctioning estimates for townships. It would, however, not be possible to prescribe uniform percentage of staff for whom accommodation should be provided, as this would depend on the nature of the industry, location of the townships, and the availability of private accommodation in the location concerned.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489/FI/67, dated the 6th March, 1967)].

Recommendation (S. No. 17)

It is regrettable that the Ministry of Finance did not ensure that the proposal of satellite villages was pursued. In the view of the Committee such a scheme would not only result in economy but also be in the interest of rural development and betterment of the surrounding villages. They are strengthened in this view by the fact that such an arrangement obtains in foreign countries also. The proposal of satellite villages, therefore, deserves serious consideration. The Committee trust that Government would have it examined in detail and issue specific instruction to the Public Undertakings. (Para No. 64).

FINAL REPLY OF GOVERNMENT

The following interim reply was given to the Lok Sabha Secretariat vide Bureau of Public Enterprises O.M. No. 489/FI/67 dated 8th March, 1967:—

“The suggestion to construct blocks of houses in satellite villages may not be possible as this may create difficulties in management, transport and provision of educational and health facilities. There is not likely to be any reduction in the cost of construction, but on the other hand it may go up due to services having to be provided over scattered areas. The prescribed scales of accommodation and the proposed specification for the different categories of buildings will be at a low level, and, therefore, there is

not likely to be any possibility of further reduction in this regard. Hence, it is felt that proposal of satellite villages may not result in economy but may create problems as mentioned above. However, this matter will be further examined by the Standing Technical Committee in the Bureau of Public Enterprises."

This matter was accordingly further examined. It is true that in Finance Ministry's O.M. No. 1063 SF/60 dated 23-3-60, it was mentioned that the Building Projects Team of the Committee on Plan Projects had been asked to explore the possibility of having small blocks of houses in satellite villages. The Building Projects Team, unfortunately, could not pursue the study as the team itself was wound up subsequently. Therefore, this matter was examined *de novo* in the Bureau and the advice of the Standing Technical Committee attached to the Bureau was also sought. The Committee, after examining the matter in its various aspects, came to the conclusion that though the proposal was good in principle, it could not be taken up due to various reasons enumerated below:—

Due to growth of population, most of the villages are getting congested, and, therefore, suitable house plots are becoming scarce. In places where non-agriculture land may be available for house construction, considerable amount of money may have to be spent in developing the same. If this is not possible, the only alternative is to convert agricultural land at a heavy cost. However, in the present context of food shortage in the country, it would not be in the Government's interest to create building sites at the cost of agricultural production. Lands in villages fit for house construction may be either in the form of pockets of vacant lands scattered within the village or agricultural lands just beyond their boundaries. All such lands are generally privately owned and their acquisition and proper integrated development for provision of housing, would not only involve delay but would be costlier; because provision of utility services, such as, roads, drainage and water supply etc., will have to take into account the needs of the village and its population as a whole. This will have to be so in case the proposal is to result in the betterment of the surrounding villages. In addition, such villages where staff employed in the projects are housed, will have to be within reasonable distance of the plant sites, so as to avoid long journeys to work. Even if it is accepted that this may be possible in certain situations, the development of small housing blocks in villages will further lead to the following difficulties.

Obviously, it is not the intention to provide the usual village type of houses with mud walls and thatched or tiled roof, which are heavy on maintenance. The present level of sanitary and water supply facilities obtaining in most of the villages in India can be termed as sub-standard only. It is also not the intention to repeat such sub-standard amenities for the factory staff to be housed in the villages. Therefore, the minimum scales of accommodation and the specifications of quarters prescribed for the townships of public undertakings will also have to be provided in the satellite villages. This would mean that there will be no economy in construction, but, on the other hand, it is likely to cost more, due to the works being taken up in scattered locations. The cost of sanitary and water supply and other external services as stated earlier, would be definitely more, as separate arrangements will have to be made for each village for roads, water supply reservoirs, drainage and disposal of sewage etc.

The next problem would be that of communications. The communication in each village will vary according to its population, location and produce. It would, in most cases, be correct to assume that the surrounding villages would not have proper road connections with the project site. The provision of new all-weather roads from the villages to the plant site would obviously mean additional cost. In addition to this, provision of transport facilities for the staff over scattered areas will be costly, uneconomical, and therefore, a burden on the undertakings.

The other problem is the provision of community services, such as hospitals, schools, shops, recreational facilities etc. Obviously, these facilities cannot be provided in every village, due to cost and management problems. Therefore, the advantages arising out of the provision of a centralised community facilities in a planned new township near about the project site will be denied in the case of satellite villages.

It may be true that provision of accommodation for factory workers may have been possible in satellite villages in foreign countries at a reasonable cost. But it has to be borne in mind that far better utility and community services exist, even in the villages of the developed countries, whereas in India similar facilities are lacking practically in most of the villages; and whatever is obtaining can be only termed as sub-standard. Therefore, in view of the innumerable difficulties that are likely to arise, as set out above, the suggestion for providing housing accommodation in satellite villages may not be practicable and also not economical for present. The

Committee of Secretaries on Public Undertakings, to whom this matter was referred, also concurred with this view.

It may, however, be mentioned that certain aspects of social and economic development of the surrounding villages of the Khetri Copper Project township in regard to provision of milk dairy, poultry, orchards, vegetable farms, etc., have been taken up by the project authorities with the State Government. It is not possible to visualise now as to what may be the outcome of this move. However, the progress in this regard would be watched with interest. It may be stated that the approach made to the State Government covers only certain aspects of the rural development of betterment of the surrounding villages and does not cover the construction of blocks of houses in satellite villages.

In the meantime, however, since the main object of the suggestion of satellite villages is economy in the cost of construction of townships in Public Undertakings, it may be stated that the Bureau of Public Enterprises is already engaging itself in this direction and the steps so far taken include the following:—

(1) Revised scales of accommodation have been prescribed for various categories of residential quarters.

(2) Pay ranges for entitlement for different types of quarters have been reviewed and revised with a view to keep down the construction of higher type of quarters to the minimum.

(3) To effect economy in construction costs, provision of amenities, such as fixtures, internal water supply, sanitary and electrical installations in residential quarters have been standardised.

(4) Building specifications to austerity standards suitable for the various regions in the country have been prescribed in consultation with the National Buildings Organisation, the Central Building Research Institute, and some of the major undertakings.

(5) Alternative type designs for various categories of residential quarters are being evolved.

(6) Standard type designs for community buildings, such as, hospitals, schools, shops, hostels etc. are also proposed to be evolved.

(7) A proforma for the submission of estimates for townships has been prescribed in order to ensure that no extravagant provisions are made for construction of buildings and for services.

It is hoped that the adoption of the various measures referred to above will lead to considerable economy in the cost of construction of future townships.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 783/ FI/153/67, dated 14th November, 1967].

Recommendation (S. No. 24)

The entire cost of maintaining the township is at present borne by the undertaking concerned. The maintenance charges which are high not only affect the cost of production of that undertaking but also of other undertakings which depend on its products. It was stated during evidence that a proposal to set up a separate body to look after the townships of public undertakings was under consideration of Government. The Committee trust that Government would examine the matter in all its aspects and arrive at a suitable decision at an early date. (Para. No. 89).

REPLY OF GOVERNMENT

As the townships of the public undertakings are scattered throughout the country, it would not be possible for a separate body to satisfactorily maintain and efficiently manage the townships. The management of the factory/plant and the attached township should be by one and the same agency for efficient management of the township, viz. timely augmentation of accommodation, allotment of accommodation to the essential staff in the order of priority that may be dictated by production schedule, recovery of rent, disciplinary control etc.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/ FI/67, dated the 6th March, 1967].

Recommendation (S. No. 27)

As the number of big projects in the public sector is increasing it would be advantageous to develop a single organisation in the country for carrying out proper soil investigations rather than leaving it to consultants who differ from project to project and have to bring in their own equipment every time. The setting up of such an agency should not present any great difficulty as the technical know-how is available in the country. The Committee, therefore, recommend that steps may be taken by Government to develop a suitable agency for the purpose. (Para. No. 99)

REPLY OF GOVERNMENT

There are several Government agencies specialising in soil investigation, such as the Central Soil Mechanics Research Station of the Central Water & Power Commission, the Central Road Research Institute, and certain other Soil Research Stations of the State Governments, who are fully equipped to carry out such works of the public undertakings.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/ FI/67, dated 6th March, 1967].

Recommendation (S. No. 32)

There are wide variations in the percentages of costs of factory buildings to the total costs of the projects. In the case of fertilizer projects these percentages range from 8 to 23 and those for heavy electricals projects range from 20 to 39. That there should be such variations from project to project in the same industry would seem to indicate that there is scope for economy. (Para. Nos. 113—115).

REPLY OF GOVERNMENT

There is no doubt that there are variations in the percentages of costs of factory buildings to the total costs of the projects in the same industry. These are due to:

(i) Capacity of the plant, (ii) Technological process and the ideas about the general lay out of the collaborating country, (iii) The soil conditions which in certain areas necessitate larger expenditure on foundations, such as piling etc., and (iv) the differences in construction cost of different regions. However, the scope for economy in this regard would be kept in respect of future projects.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/ FI/67, dated 6th March, 1967].

Recommendation (S. No. 36)

Contracts on turn-key basis do not afford opportunity to our engineers to learn new techniques and become self-reliant. They are also costlier. The Committee feel that the assistance of foreign collaborators should be sought only for jobs in respect of which 'know-how' is not available in the country. For the rest they may be asked to indicate their requirements on the basis of which the planning, designing and construction should be undertaken by Indian Engineers. Besides effecting considerable economy, this would reduce the dependence on foreign collaboration and instil the necessary confidence in our men. The Committee recommend that Govern-

ment should lay down suitable principles in this regard for guidance of the public undertakings. (Para. No. 127).

REPLY OF GOVERNMENT

Government agree that every effort has to be made to achieve maximum degree of Indianisation in this matter. It is, however, not feasible to lay down precise principles to cover all cases.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 38)

Public undertakings have not yet fixed a norm for determining the strength of their construction staff. The present ad hoc basis of recruiting such staff is not satisfactory. There is need for a careful review of the construction staff requirements in the public undertakings and fixing a suitable norm therefor. The Committee recommend that Government should look into this matter and have the necessary review made. (Para. No. 133).

REPLY OF GOVERNMENT

The conditions vary from project to project. However, the Bureau of Public Enterprises will lay down norms to serve as guidelines for the projects.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/FI/67, dated 6th March, 1967].

Recommendation (S. No. 39)

Public undertakings have generally resorted to item-rate contracts. The entering into contracts on this basis indicates that the details and quantities of works required to be executed have not been worked out. It is recognised that the lump sum contracts are the best. The Committee recommend that the public undertakings should enter into contracts on lump-sum basis as far as possible. (Para. No. 134—136).

REPLY OF GOVERNMENT

Lump sum contracts would certainly be best for respective type of buildings such as residential quarters, where there may not be any appreciable changes once the construction starts. It would not be practicable to adopt lump-sum contracts for factory buildings for which the detailed designs and drawings are generally prepared in stages. As the work proceeds, additions and alterations become unavoidable due to technological requirements.

These would vitiate lump sum contracts.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/ FI/67, dated 6th March, 1967].

Recommendation (S. No. 47)

The Committee regret to observe that though delays and difficulties in land acquisition have been a recurring feature with the public undertakings for a long time, Government have not taken expeditious action to remedy them. The problem calls for fresh studies in the light of the actual experience of the public undertakings and in co-operation with the State Governments. They trust that the Thacker Committee will streamline and simplify the procedures so as to obviate delays and difficulties in this regard in future. The advisability of the Central Government or the State Governments first acquiring the land for themselves and then transferring it to public undertakings or leasing out on a long term basis may also be examined. (Para. No. 163).

REPLY OF GOVERNMENT

The Thacker's Committee has since submitted its Report on 'land acquisition proceedings'. The recommendations contained therein have been communicated to the State Governments for adoption. Other matters relating to 'land acquisition' not covered by the Thacker's Committee are being examined by an 'Expert Group' set up in the Ministry of Food & Agriculture.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/ FI/67, dated 6th March, 1967].

CHAPTER IV

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

Recommendation (S. No. 1)

(A) The total capital outlay on the townships of public undertakings is of the order of Rs. 280 crores and it constitutes over 11% of the total investment on the projects. The incidence of the costs of townships on the costs of production of these undertakings is therefore considerable. The Committee realise that a majority of public sector projects are located in out of the way places and it may be necessary to provide housing and other facilities on a somewhat larger scale. It is also desirable that public undertakings should aim at being model employers. Nevertheless, the Committee are equally anxious to ensure that public undertakings follow a balanced approach in incurring expenditure on productive and non-productive activities. If a substantial portion of the investment is spent on townships before any significant productive activity of a project starts, as is the case, at present, it adds considerably to the overheads of an individual enterprise and affects its profitability. Further it is also necessary that the public undertakings do not follow standards and scales of accommodation which may attract public criticism. All this underlines the need for laying down suitable guiding principles, norms and standards without any delay.

(B) The Committee would urge that pending issue of detailed instructions Government should impress upon Public Undertakings to pay utmost importance to economy in the matter and find ways and means of reducing the present rate of outlay on townships. (Para. Nos. 7—10).

REPLY OF GOVERNMENT

(A) The existing scales of accommodation of the residential quarters for different pay groups prescribed in 1963 have been reviewed and revised scales of accommodation and pay ranges have been fixed with a view to effect economy and communicated to the public undertakings for adoption. The Bureau of Public Enterprises is also examining further possibilities of economy in specifications

scale of amenities and designs etc. [Copy of circular No. 378-Adv. (c)/Cirlo/66 dated 2nd December, 1966 (Appendix I)].

(B) Action contemplated to be taken against item 1(a) will cover the suggestion made herein.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/FI/67, dated 6th March, 1967].

COMMENTS OF THE COMMITTEE

Please see para Nos. 1 to 3 of Chapter I.

Recommendation (S. No. 3)

The Committee are constrained to observe that the manner in which the provision of Rs. 50 crores was made in the Third Five Year Plan for townships of public undertakings was casual. It is not correct to provide for such expenditure in the Plan in an ad hoc manner without working out the basis therefor. What is more surprising is that there was an understanding with the Planning Commission that the amount earmarked for capital investment in projects, if unspent, would be diverted to housing. The Committee do not approve of diversion of funds meant for productive purposes to housing. They trust that in future the Plan provision for townships of public undertakings would be made in a realistic manner after assessing the requirements of the various undertakings. (Para. No. 15).

REPLY OF GOVERNMENT

Specific sanctions are issued after scrutiny of the actual requirements of each project.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/FI/67, dated 6th March, 1967].

COMMENTS OF THE COMMITTEE

Please see para. Nos. 4 to 7 of Chapter I.

Recommendation (S. No. 4)

There are wide variations in the costs of houses built by various projects. The average cost per dwelling unit in most of the undertakings has ranged between Rs. 11,000 to Rs. 27,000. The cost of the highest type of bungalow constructed for high officials in certain undertakings has ranged from Rs. 1.08 lakhs to Rs. 1.75 lakhs. Apparently the present costs of houses particularly of higher cate-

gories, built by public undertakings are high. An expenditure of Rs. 1 lakh to 1.75 lakhs on a single bungalows is indefensible from a commercial stand point much less from the general point of view of the country's economy. The Committee, recommend that the plinth areas for higher categories of houses may be reviewed and ceilings on cost for various categories of houses laid down at least on a regional basis. (Para. Nos. 16—19).

REPLY OF GOVERNMENT

As stated earlier, the scales of accommodation for different categories of staff have been revised with a view to economy. Further action is being taken to effect reduction in cost of fittings, amenities and specifications. In view of the above measures such wide variations in cost are not likely to occur in future.

As regards fixing of ceilings on costs for various categories of residences on a regional basis, it is not practicable as the cost of building material, labour and leads vary considerably from place to place within the region itself.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/FI/67, dated the 6th March, 1967].

COMMENTS OF THE COMMITTEE

Please see para Nos. 8 to 11 of Chapter I.

Recommendation (S. No. 8)

The Committee understand that certain public undertakings (like Fertilisers and Chemicals Travancore Ltd. and Oil and Natural Gas Commission) have introduced contributory health service schemes under which they are getting contribution from the employees for the provision of medical facilities. The Committee suggest that the feasibility of introducing similar schemes in all the public undertakings may be examined by Government. (Para. No. 36).

REPLY OF GOVERNMENT

In the Public Undertakings where medical facilities have already been provided free of charge, it would not be feasible to introduce the Contributory Health Service Scheme, as it would amount to the withdrawal of concessions in vogue.

[Ministry of Finance (Bureau of Public Enterprises)—O.M. No. 489/FI/67, dated the 6th March, 1967].

COMMENTS OF THE COMMITTEE

Though it is difficult, at this stage, to withdraw the concession that is being given in the shape of medical facilities, the Committee are of the opinion that in new undertakings, contributory health service scheme should be introduced from the beginning.

Recommendation (S. No. 9)

It is regrettable that though most of the public undertakings have been paying considerable amount of contribution under the Employees' State Insurance Scheme, they have not taken advantage of the assistance available under it. Even in cases where the scheme has been extended, the amounts of contribution paid by the undertakings are much more than the beneficial derived by them. It appears that the employees in public undertakings are in receipt of benefits similar or superior to those available under the scheme. Further the scheme covers only 'factory workers' drawing wages upto Rs. 400/- per month. For all other employees, the public undertakings will have to make their own hospital arrangements, even after the Scheme is extended to them. It therefore needs consideration whether the Employees' State Insurance Scheme should be applicable to the public undertakings and they should be called upon to contribute to the scheme in addition to the expenditure on their own facilities. The Committee recommend that Government should examine the matter in the light of the prevailing position. (Para Nos. 37—42).

REPLY OF GOVERNMENT

The matter is under examination.

[Ministry of Finance (Bureau of Public Enterprises—O.M. No. 489)
FI/67, dated 6th March, 1967)]

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

Please state whether the matter has since been examined. If so, the decision taken in the matter may please be communicated.

L.S.S. O.M. No. 25-PU/64, dated 26th July, 1967.

FINAL REPLY OF GOVERNMENT

Social insurance is based on pooling of risks and resources. The contributions are planned in such a way as to be balanced by the estimated cost of benefits. Some workers and employers may be contributing more and others less than the benefits they receive. The

E. S. I. Scheme provides not only medical benefits in kind but also cash benefits in cases of sickness, maternity, disablement and death of an insured person due to employment injury. The scheme is being gradually extended to more and more areas in accordance with the ability of the State Governments to make adequate medical arrangements. No distinction can in any case be made between the public and private sector undertakings in the matter of levy of E. S. C. in non-implemented areas.

As regards the exemption of establishments from the provisions of the E. S. I. C. Act, individual Public Enterprises can take up their cases, and the requests will be considered by Government on merits in the light of the following broad criteria for grant of exemption, as recommended by the E.S.I.S. Review Committee:—

- (a) The prevailing benefits enjoyed by the employees in the establishment concerned are superior on an overall assessment to those that could be provided under the Employees' State Insurance Scheme ;
- (b) The employees concerned themselves clearly desire that the establishment should be exempted from the application of the Scheme ; and
- (c) No distinction should be made between the private and the public sector in the grant of exemptions.

The question of providing medical facilities to the non-covered employees of factories (whether in public or private sector) at the ESI Dispensaries on payment has been under the consideration of the Corporation. There is no objection to extending to non-covered employees and their families the dispensary and specialist services and even hospital beds wherever available on payment.

The position in paras 2 and 3 above has been brought to the notice of Public Enterprises.

[Ministry of Finance (Bureau of Public Enterprises—D.O. No. 678/FI/ISS/67, dated 16th September, 1967].

COMMENTS OF THE COMMITTEE

There should be absolute co-ordination in the matter of medical facilities provided by or under the E.S.I., Scheme and the medical service provided by the concern, to avoid overlapping. Co-ordination may help in saving expenditure without effecting the standard of service. The Committee feels that better medical facilities/ex-

pertise may be available to the workers if this co-ordination is achieved.

Recommendation (S. No. 18)

It is to be expected that the suggestions made by Government are acted upon by the public undertakings. Strangely none of the undertakings has made any attempt to implement the suggestions regarding the sale of plots to private parties or houses to the employees. The Committee trust that Government will have the matter re-examined in the light of the prevailing position in private sector undertakings and issue suitable instructions for observance by public undertakings (Para No. 69).

REPLY OF GOVERNMENT

It is considered that the suggestion regarding sale of plots to private parties and houses to the employees in the public undertakings is not practicable. The land acquired for public undertakings for a specific purpose in the public interest cannot be sold to private parties and may lead to legal complications. Apart from this, once the land is sold to private parties, the public undertaking cannot have any control over the rent charged, the allotment of the premises, and the use to which it is put. Hence no benefit will accrue to the undertakings. As regards sale of houses to the employees, the same difficulties as explained above will arise. Once an employee retires or leaves the undertaking, the public undertaking will have to go in for additional construction. The Management of such transactions will become an increasing burden on the public undertaking and will tend to divert its attention from its main task of production.

[Ministry of Finance (Bureau of Public Enterprises—O. M. No. 489/FI/67, dated 6th March, 1967).]

COMMENTS OF THE COMMITTEE

Please see para Nos. 12 to 15 of Chapter I

Recommendation (S. No. 40)

The acceptance of tenders other than the lowest and award of contracts without calling for tenders, is not usual and is open to criticism. Such cases should be few and far between. All such cases should be reported to the Board of Directors for their review. The Committee recommend that Government should issue necessary ins-

truction to the public undertakings in this regard. (Para Nos. 137—139).

REPLY OF GOVERNMENT

As the matter falls within the powers delegated to the Boards of Directors, who lay down the procedure to be followed in his regard, it does not appear necessary to issue a directive.

[Ministry of Finance (Bureau of Public Enterprises—O. M. No. 489/FI/67, dated the 6th March, 1967).

COMMENTS OF THE COMMITTEE

The intention of the Committee was to issue general instructions to public undertakings to keep this aspect in view and not to issue a general directive. The Committee therefore, reiterate their earlier recommendation.

APPENDIX I

No. 378-Adv (c)|Cir.10|66

(vide Reply to S. No. 1 Chapter IV)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, dated the 2nd December, 1966

OFFICE MEMORANDUM

SUBJECT:—Industrial Housing Standards in Public Sector Undertakings—revised.

The current prescribed standards of Industrial housing in Public Sector Undertakings as contained in letter No. 14(16)|60-W dated the 29th August, 1963, issued from the Ministry of Finance (Department of Expenditure) has been under examination for some time. In the light of the need to introduce maximum economy possible in the civil construction in the Public Enterprises, it has now been decided, in supersession of the previous instructions on the subject, that the future construction of residential buildings should conform to the following standards and pay ranges:—

Type	Plinth Area (Sq. ft.)	Pay Range
I.	365	Upto Rs. 110
II.	400	Rs. 111—300
III.	600	Rs. 301—600
IV.	900	Rs. 601—1250
V.	1500+ 200 (servant's room and W.C.)	Rs. 1251—2000
VI.	2100 + 240 (Servant's quarter) + 225 (garage)	Rs. 2001 and above

Note: (i) For type V quarters garages (plinth area not exceeding 215 sq. ft. each) may be provided upto a maximum of 50 per cent of the total number of such quarters—on actual demand.

- (ii) Type I and II quarters should be designed to provide for 2 living rooms with separate kitchen, bath and W.C.
- (iii) The plinth areas of the various types of quarters mentioned above are exclusive of areas occupied by staircases and common passages.

The revised scales of accommodation should be adopted with immediate effect for future constructions in all the Public Sector Undertakings under the direct administrative control of the various Ministries. These should be brought to the notice of the Companies, Corporations and other Autonomous Bodies, to whom necessary directives may issue for strict adherence to the standards prescribed in this Memorandum.

Sd/- R. C. DUTT,
Secretary to the Government of India
and Director General, Bureau of Public
Enterprises.

To

All Ministries of the Government of India.

APPENDIX II

(Vide Reply to S. No. 7 Chapter II)

No. 332-ADV (C)|Cir. 9|66

GOVERNMENT OF INDIA,

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th November, 1966

OFFICE MEMORANDUM

SUBJECT:—*Phasing of residential accommodation, hospital, educational and recreational facilities in the townships of public undertakings.*

It has been observed that in many cases, hospital, educational and recreational facilities in the townships of public undertakings have been provided on a liberal scale from the very beginning of a project, resulting in high capital and recurring expenditure. The Committee on Public Undertakings have adversely commented upon such lavish provision at the outset. As the population of a new township grows gradually, community facilities should be provided on a modest scale to start with, on the basis of actual population of the township, subject to the ceilings prescribed by the Committee on Plan Projects.

Similarly, the construction of residential quarters should be taken up in a phased manner to meet the actual requirements of staff.

The Ministry of Industry etc. are requested to impress upon the public undertakings under their jurisdiction that they should phase the construction of such facilities to meet immediate needs.

Sd/- R. C. DUTT,

Secretary to the Government of India
and Director General, Bureau of Public
Enterprises.

To

All Ministries|Departments of the Govt. of India.

Copy to All BAs in the Department of Expenditure. They are requested to ensure that the instructions issued above are kept in view before sanction is accorded to the Project Estimates.

APPENDIX III

(Vide Reply to S. No. 7 Chapter II)

No. 296-Adv (c) | Cir-4|66

GOVERNMENT OF INDIA,
MINISTRY OF FINANCE
(DEPARTMENT OF COORDINATION)
BUREAU OF PUBLIC ENTERPRISES

New Delhi, dated the 4th November, 1966.

OFFICE MEMORANDUM

SUBJECT:— *Provision of common community facilities in places where more than one public undertaking is located.*

It is considered that in places like Madras, Hyderabad, Ranchi, Durgapur, Bangalore etc., where more than one undertaking is located it would be desirable to provide common facilities in respect of education, health, shopping and recreation, as this will lead to provision of better facilities at lesser cost. To begin with, it would be necessary to assess the requirements of the concerned projects in regard to various facilities mentioned above. After obtaining the requisite information, a meeting at Ministerial or inter-Ministerial level may be convened to arrive at a satisfactory working arrangement with regard to financial outlay, management etc. of the common facilities.

2. The Bureau of Public Enterprises will be prepared to render any assistance, if required, in this regard.

Sd/- R. C. DUTT,

*Secretary to the Govt. of India and
Director General, Bureau of
Public Enterprises.*

To

All Ministries|Departments of the
Government of India.

APPENDIX IV

(Vide Reply to S. No. 15 Chapter II)

No. 297-Adv(c)|Cir-3|66.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES.

New Delhi, dated the 4th November, 1966.

OFFICE MEMORANDUM.

SUBJECT:—Semi-permanent buildings for Projects of limited duration.

It has come to notice that in certain places where the operations of the public undertakings are likely to last for a period of 20 to 25 years only, as in the case of oil fields, coal fields, mines etc., permanent buildings with a life expectancy of 50 to 100 years have been constructed, which, apart from resulting in wasteful expenditure, affect the profitability of the concern. Such investment on unproductive items has also been adversely commented upon by the Committee on Public Undertakings. In view of the limited resources in the country, and the urgent need for development in all spheres of activities, it is of utmost importance that maximum economy, consistent with minimum requirements, is exercised in all directions. It has, therefore, been decided that at places where operations of public undertakings such as those referred to above are likely to last only a limited number of years, only semi-permanent type of buildings should be constructed, as in the manner suggested below:—

- (a) As the cost of land is not likely to be high in such projects single storied construction with brick or stone walls in mud may be built.
- (b) The roof may be provided with asbestos sheets or tiles supported on locally available timber trusses.
- (c) Doors and windows need not be of teak, but may be provided with locally available timber. Iron fittings for doors and windows may be provided.

- (d) No rich specification should be provided for flooring. Ordinary cement concrete or cement plaster over a base of brick khoa finished with cement or lime slurry would be adequate.
- (e) The use of expensive sanitary and water and electric supply fittings may be avoided.
- (f) Pointing with cement mortar for the even face of brick walls would be sufficient.

2. The suggestions made above are only indicative and the specification to be adopted may vary according to local availability and use of materials.

3. Ministry of Industry etc. are requested to bring these instructions to the notice of the Board of Directors of the Public Enterprises with which they are concerned, for compliance.

Sd/- R. C. DUTT,
*Secretary to the Govt. of India and
 Director General, Bureau of
 Public Enterprises.*

To

All Ministries/Departments of the
 Government of India.

All. F. As in the Department of Expenditure. They are requested to ensure that the instructions issued above are kept in view while sanctioning Project Estimates.

APPENDIX V

(Vide further reply to S. No. 21—Chapter II)

No. 884-Adv(c)/Cir-26/67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 15th September, 1967.

OFFICE MEMORANDUM

SUBJECT:—*Promotion of competition for Master Plans of large townships and designs for buildings.*

In order to achieve economy in the outlay of townships and to obtain good designs to suit local needs, it would be advisable to hold architectural/town planning competitions, which would enable the promoters to secure the services of a qualified and competent architect/town planner to plan and design their works.

2. A brief account of the procedure to be followed for promoting such competitions are set out in the enclosure. (Annexures I & II). It would be observed from this that promotion of architectural/town planning competitions will have to be done in consultation with the Indian Institute of Architects and/or the Institute of Town Planners. Holding of such competitions may lead to some delay in the commencement of the works and some extra cost over what is normally paid to an architect as fees. However, the extra time and money spent will be more than compensated by the competitive design obtained.

3. It is considered that normally, it would be worthwhile to promote competitions for bigger projects. However, this is a matter which has to be decided by the promoter himself, depending upon the time available, the importance of the building, or the peculiar site conditions obtaining in a proposed township.

4. As the Committee on Public Undertakings have also expressed the desirability of inviting competitive designs for buildings and layout of townships, the Ministry of Industrial Development and Company Affairs, etc., are requested to bring this to the notice of the public sector undertakings under their administrative control, for information and guidance.

Sd/- P. GOVINDAN NAIR,
*Secretary to the Govt. of India,
and Director General, Bureau of
Public Enterprises.*

To

All Ministries/Departments of the Government of India.

All F. As in the Department of Expenditure.

ANNEXURE I

A BRIEF ACCOUNT OF THE PROCEDURE FOR PROMOTING AGRICULTURAL COMPETITION

1. The Indian Institute of Architects (IIA) should be approached for advice on all matters related to the promotion of architectural competition.

Appointment of Assessors

2. The President of the I.I.A. will nominate or approve the appointment of an architect assessor or a jury of architect assessors for the competition.

3. The assessors will function as consultants to the promoters and render advice on the suitability and type of competition and answer queries of the competitors. They finally judge the designs submitted, disqualify designs not conforming to the conditions and select the Winner.

Fees of Assessors

4. The minimum fee of an assessor is Rs 2,000/-. An additional amount of Rs. 40/- per Rs. 20,000/- on the estimated cost of the scheme up to Rs. 2 crores is shared by the assessors with an additional sum of Rs. 10,000/- if the cost of scheme exceeds Rs. 2 crores.

5. The conditions of competition drawn up by the assessors must be approved by the I.I.A. before these are printed and advertised.

Submission of Designs

6. All designs are numbered and to be received anonymously before the closing date. After the assessors have judged the designs these are publicly exhibited for a minimum period of six days.

Award

7. The assessors award the premiums (or cash prizes) in accordance with the competition conditions. A minimum of 3 premia has to be awarded. The first premium is an advance in the fees payable to the winning architect, who has to be appointed by the promoter as the architect for the works.

Cost of competition

8. The total approximate cost of promoting the competition would be about $\frac{1}{2}$ to 1 per cent of the cost of the scheme. It has been stated by the I.I.A. that the competition takes a little more time than the preparation of designs by an architect in the normal way. It is, however, felt that a minimum of 4 months will be needed.

9. The promoters are required by the I.I.A. Competition Regulations to appoint the winning designer as the architect for the work and pay him the appropriate fees prescribed by the I.I.A.

ANNEXURE II

A BRIEF ACCOUNT OF THE PROCEDURE FOR PROMOTING TOWN PLANNING COMPETITIONS

Appointment of Assessors

1. The Promoters of competition should appoint one or more professional assessors whose names should be published in all advertisements regarding the competition and condition thereof. The President of the Institute of Town Planners, India (I.T.P.) would act as honorary adviser in the appointment of assessors. At least one of the assessors should be a Fellow of the I.T.P.

Duties of Assessors

2. (a) To confer with and advise the promoters on general requirements and premia to be offered and draw up instructions for guidance of competitors and the conduct of the competition. It would be stated which of the conditions has to be strictly adhered to, under penalty of disqualification.

(b) To answer queries of competitors and to examine all design submitted and to disqualify any not conforming to the conditions.

(c) To report to the promoters on the designs and to award the premia.

Alternate method of competition

3. Competitions may be conducted in the following ways:—

(a) By advertisement, inviting competitors to submit designs.

(b) By advertisement, inviting competitors to send names by a given date and out of these to select a limited number to compete, with the advice of the assessors. Each competitor so selected receives a specified sum for his design provided it shows reasonable merit.

(c) By personal invitation to a limited number of selected competitors. Each competitor receives a specified sum for his design.

Submission of Designs

4. Designs submitted by competitors should not have any distinguishing mark but should be numbered by promoters in order of their receipt.

5. All designs except the winning designs in an open competition should be returned carriage paid to the competitors. Each competitor should be provided with a copy of the assessors' award.

6. All designs together with assessors award to be publicity exhibited for at least 6 days.

Assessors Fees

7. (a) *For outline of Town Development Plan.*—Minimum of Rs. 1500·00 plus Rs. 15 per 1000 of the existing population in the area.

(b) *For lay-out of Residential and Industrial Areas.*—Minimum fee of Rs. 600/- plus Rs. 15/- for each 10 acres of the site area.

(c) *For Town Centres, main shopping areas and urban improvement schemes.*—Minimum fee of Rs. 900·00 plus Rs. 150/- for each 10 acres of the area of the site.

(d) In case of special competitions for Regional Plan of a new town, the minimum fees will be determined by the Institute of Town Planners, India.

The above minimum fees do not include travelling time and incidental expenses in viewing the area. In case of appointment of two or more assessors, two-thirds of the above fees will be paid to each assessor.

8. The successful competitor when retained as a consultant should be paid in accordance with the schedule of charges prescribed by the Institute of Town Planners, India.

APPENDIX VI

(Vide further reply to S. No. 28—Chapter II)

No. 8(1)/F-67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 18th Sept., 1967.

OFFICE MEMORANDUM

SUBJECT:—*Financing of capital outlay on townships and residential quarters.*

The Committee on Public Undertakings and Townships and Factory Buildings of the Public Undertakings, in its 8th Report, has made the following recommendation about the township estimates:—

“The present practices of meeting the entire cost of townships from out of the capital provided for the execution of the projects is neither sound nor in consonance with prudent commercial practice. It results in the over-capitalisation of the projects and renders the evaluation of their performance or comparisons with other similar undertakings unrealistic. The outlay on townships should normally be met from loans, internal resources and subsidies. The Committee recommended that the matter may be examined by Government and a suitable pattern of financing the outlay on townships of the public undertakings evolved.”

This recommendation has been by and large accepted by the Government.

2. The outlay on townships and the residential quarters form a part of the project cost estimate which at present is being financed partly by equity and partly by loan in the ratio of 1:1.

3. So far as the utilisation of internal resources is concerned invariably the townships come up simultaneously with the project and there is hardly any scope of utilising the internal resources for

the establishment of the township in the earlier stage. Later on if after meeting the requirements of the working capital and repayment of loan instalments the internal resources are available, these may be considered by the undertakings towards the cost of township.

4. The advantage of the subsidies from the State Governments for the establishment of the townships may be taken by the undertakings wherever possible.

5. After setting off the amounts utilised from internal resources and subsidises received from the State Governments, the balance amount invested on townships and residential quarters should be notionally treated as being financed from capital loans for the purposes of determining the total recurring expenditure on the maintenance of townships. There would, however, be no change in the present equity loan ratio of 1:1 for the overall financing of the project.

6. The total recurring expenses on the maintenance of townships should be shown separately on the debit side of the profit and loss account. Details of these expenses including upkeep and maintenance, interest on capital outlay, depreciation etc. may be given in a separate schedule appended to the profit and loss account. Similarly the total income from the township including the recoverable rents may be shown separately on the credit side of the profit and loss account. This presentation would facilitate the determination of the annual net recurring expenses on the townships borne by the projects without making any difference to the overall profit of the undertakings.

7. This method of presentation will be given effect to in the annual accounts of the undertakings from the year 1967-68 onwards.

8. The Ministry of Industry etc. are requested to bring the contents of this Office Memorandum to the notice of all public undertakings under their administrative control for adoption.

Sd/- P. GOVINDAN NAIR,
Secretary to the Govt. of India.

All Ministries/Departments of the Central Government.

APPENDIX VII

(Vide further reply to S. No. 23—Chapter II)

No. 481/Adv. (F)/67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th August, 1967.

OFFICE MEMORANDUM

SUBJECT:—*Estimates for townships.*

The Committee on Public Undertakings in its Eighth Report on Townships and Factory Buildings of the Public Undertakings has made the following recommendation about the township estimates:—

“It is also desirable that the estimates of cost of townships should be shown separately while seeking approval of Parliament for investment in public undertakings. The expenditure incurred on townships should also be shown separately in the annual accounts of the public undertakings.”

2. This recommendation has been accepted by the Government and all Public Undertakings are requested to indicate separately and distinctly the total investment in townships in the project cost estimates as well as in their annual budget, while seeking Government's approval. The expenditure on the township may also be shown separately in the annual accounts of the Company. The details of income and expenditure on townships may be appended as a separate schedule to the Profit and Loss Account. The interest on the capital outlay of townships may be also included therein.

3. The Ministry of Industry etc. are requested to bring the contents of this Office Memorandum to the notice of all the Public

Undertakings under their administrative control and impress upon them for adoption.

Sd/- P. GOVINDAN NAIR,
*Secretary to the Govt. of India
 and Director General, Bureau
 of Public Enterprises.*

To

- (a) All Ministries/Departments of the Government of India.
- (b) All Financial Advisers in the Ministry of Finance.

APPENDIX VIII

(Vide Reply to S. No. 26—Chapter II)

No. 296-Adv (C) |Cir-2|66

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 4th November, 1966.

CIRCULAR

SUBJECT:—Importance of detailed soil investigation before deciding on location of projects.

It has been observed that lack of proper and detailed soil investigation before selection of a site for location of projects, has led to change of sites resulting in infructuous expenditure, revision of plans and drawings, extra expenditure on foundations, and consequent delay in construction. To avoid such contingencies future, it is of utmost importance that detailed soil investigations are carried out by a competent agency and the results thereof should be got examined by a high level technical team, along with other technical matters relating to the project. Organisations, such as the Central Soil Mechanics Research Station of the Central Water & Power Commission, New Delhi, the Central Building Research Institute, Roorkee, and the Central Road Research Institute, New Delhi, and certain other soil research stations of the State Governments are fully equipped to carry out the required field investigations and submit reports thereon.

2. The Ministry of Industry etc. are requested to bring this to the notice of the existing public undertakings and impress upon them the imperative necessity for carrying out soil investigations through any of the competent agencies referred to above, before selecting a site for setting up of plants.

3. This matter should also be kept in view and arrangements made for detailed soil investigation before deciding the location of new projects in future.

Sd/- R. C. DUTT,

*Secretary to the Govt. of India
and Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX IX

(Vide Reply to S. No. 28—Chapter II)

No. 322-Adv. (c)/Cir-7/66

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, dated the 15th November, 1966.

OFFICE MEMORANDUM

SUBJECT:—*Construction equipment, heavy tools and plant—requirements/surplus.*

As is well-known, construction equipment and heavy tools and plant play an important part in regard to quality and speedy execution of works in the projects. Some of the special types of construction equipment are rather costly involving an appreciable amount of foreign exchange. It is, therefore, of utmost necessity, particularly at this juncture that the available equipments are put to maximum use thereby expediting execution of works and simultaneously keeping down the costs of operation.

It would be possible to achieve this objective, only if the actual position obtaining in the various public enterprises in regard to construction equipment and allied machinery is known, so that what may be surplus in certain projects may be transferred to others, where these are badly needed. This would, incidentally, help to dispose of surplus equipment in good time at reasonable prices.

As there is no coordination at present amongst the various public enterprises in this regard, it has been decided to introduce a quarterly return for new requirements/surplus equipments as in the attached proforma.

The Ministry of Industry etc. are requested to direct the public undertakings under their control to submit the return in the prescribed

ed proformae, addressed to the Adviser (Construction), Bureau of Public Enterprises, Ministry of Finance, (Department of Coordination), New Delhi, on the 1st of January, April, July and October, each year, so that the Bureau of Public Enterprises can assist in the procurement of disposal of construction machinery and equipment.

Sd/- R. C. DUTT,

*Secretary to the Govt. of India
and Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

PROFORMA

Quarterly statement of requirements of mechanical/Electrical Construction Equipment and Heavy Tools and Plant.

Name of Project..... Period.....

S. No.	Nomenclature of item	Capacity Tonnage H.P.—Any recognised unit	Date by which required	Period for which required	Quantity required	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Note—The following information may be furnished in a separate sheet, if necessary :—]

- (a) Information on preliminary arrangements already made to procure the equipment needed.
- (b) Details of spares required.
- (c) Is local arrangement possible with State or Central Agencies?
- (d) The returns should be submitted, so as to reach the Bureau of Public Enterprises by the 1st January, 1st April, 1st July, and 1st October of each year.

PROFORMA

Quarterly Statement of surplus Construction Equipment Tool and Plant

S. No.	Nomenclature of item	Make	Capacity Tonnage HP—Any recognized unit	Book Value	Year of purchase	Total No. of hours worked	Total No. of surplus items	Condition of equipment ing/under repair	Date by which equipment can be transferred	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Note— The following information may be furnished, if necessary in a separate sheet :—

- (a) If the equipment or machinery is under repair, the nature of repairs to be carried out may be indicated.
- (b) List of spares available.
- (c) Full particulars of special equipments and their use may be indicated.
- (d) Have any steps already been taken to dispose of the surplus? If so, information on the same may be furnished.
- (e) The returns should be submitted, so as to reach the Bureau of Public Enterprises by the 1st January, 1st April, 1st July and 1st October of each year.

APPENDIX X
(Vide reply to S. No. 29—Chapter II)
No. 299-Adv. (c)/Cir-5/66
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF COORDINATION)
BUREAU OF PUBLIC ENTERPRISES

New Delhi, dated the 4th November, 1966.

OFFICE MEMORANDUM

SUBJECT:—*Recovery of hire charges for construction equipment on ad-hoc basis.*

It has come to notice that in many cases the recovery of hire charges from contractors on account of construction equipment has been made on an ad-hoc basis by the Public Undertakings, which are much lower than the standard economic rates, which should have been normally adopted. Such short recoveries have been adversely commented upon by the Committee on Public Undertakings in its 8th Report.

2. The Ministry of Industry etc. are requested to investigate the reasons for not fixing economic rates of hire charges by the various public undertakings under their control. They are also requested to ensure that the Finance and Accounts Officers of the Undertakings fix the economic rates of hire charges for all construction equipment and other allied machinery normally hired out to contractors.

Sd/- R. C. DUTT,
*Secretary to the Govt. of India
and Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XI

(Vide reply to S. No. 41—Chapter II)

No. 295-Adv. (C)/Cir-1/66

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, dated the 4th November, 1966.

OFFICE MEMORANDUM

SUBJECT:—Upward revision in the value of contracts after award.

It has been observed in a number of cases in the Public Undertakings that the value of contracts have increased considerably after the award of works. This has been adversely commented upon both, by the audit and the Committee on Public Undertakings. The upward revision is obviously due to inadequate investigation of site particulars, availability of materials, and hurried planning and estimating of works. Rushing through of works in this manner, apart from involving increased expenditure, does not really result in saving of time. It often happens that works have to be rectified due to the initial faulty planning and design, leading to disputes with contractors on delay in execution, rates for extra items, etc.

2. The Ministry of Industry etc. are, therefore, requested to impress on the public undertakings under their control, the desirability of inviting tenders only after completing adequate site investigation, and preparation of proper plans, designs and estimates of the works to be executed.

Sd/- R. C. DUTT,

*Secretary to the Govt. of India
and Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XII

(Vide Reply to S. No. 43-Chapter II)

No. 331-Adv. (c)/Cir-8/66

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, the 16th November, 1966

OFFICE MEMORANDUM

SUBJECT:—*Land requirements for factories in Public Undertakings.*

It has been observed that in a number of Public Undertakings, the land requirements for factories have not been assessed judiciously. Too much margin has been kept for expansion and fairly large areas, in excess of requirements, have been acquired and are lying unutilised. The Parliamentary Committee on Public Undertakings has adversely commented on such excessive acquisition of lands.

It is appreciated that, if in the first instance a lesser area is acquired any additional land which may be required subsequently will not be readily available and its acquisition may involve much higher cost. On the other hand, if land much in excess of the requirements, including that of expansion, is acquired, it would amount to locking up of large capital, apart from denying the most needed agricultural use of the same. It would therefore, be advisable to plan the land requirements for factories in as compact an area as possible, to meet functional requirements, so that outlay on services, internal transport, security arrangements, maintenance etc. will be kept to a minimum. Keeping this in view, initial land requirement, as well as, that needed for expansion in the future should be carefully worked out.

The Ministry of Industry etc. are requested to keep this in view while finalising proposals for acquisition of land for future projects

and also bring this to the notice of the public undertakings under their jurisdiction, for guidance.

Sd/- R. C. DUTT,

*Secretary to the Govt. of India
and Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XIII

(Vide Reply to S. No. 44—Chapter II)

No. 385-Adv. (c)/Cir-11/66

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(BUREAU OF PUBLIC ENTERPRISES)

New Delhi, the 3rd Dec., 1966.

SUBJECT:—*Standard proforma for estimates of capital outlays on the townships of public enterprises.*

A draft proforma for estimates of capital outlays on the townships of public enterprises was circulated to the various Ministries *vide* the Bureau of Public Enterprises, O.M. No. 2(35)/66-F I dated the 1st July, 1966, and their comments were invited thereon. Replies and suggestions received from the various Ministries have been considered and the draft proforma has been modified to the extent found necessary.

2. A copy of the finalised proforma is attached (not reproduced). The Ministry of Industry etc., are requested to circulate the proforma to the Public Enterprises in their charge and request them to adopt the proforma, which would enable Government to scrutinise the estimates and accord sanctions without delay.

Sd./- R. C. DUTT,

*Secretary to the Government of India
and Director General, Bureau of Public Enterprises.*

To

All Ministries/Departments of Government of India.

All F.As in the Department of Expenditure for information.

APPENDIX XIV

(Vide Reply to S. No. 46—Chapter II)

No. 321-Adv. (c)/Cir-6/66

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF COORDINATION)

BUREAU OF PUBLIC ENTERPRISES

New Delhi, dated the 15th Nov., 66.

OFFICE MEMORANDUM

SUBJECT:—*Cultivation of vacant land acquired for expansion etc. of Public Enterprises.*

It has been suggested by the Committee on Public Undertakings that in view of the acute food shortage in the country, it would be desirable if the land, which had been acquired for setting up a plant or for expansion of Public Enterprises, and which is not likely to be used in the near future for that purpose, is leased out for cultivation on a temporary basis. Such an arrangement would provide some income to the Undertaking, besides augmenting agricultural production. While leasing out such land, legal complications should be avoided and the question of giving preference to persons displaced from that area should be kept in view.

2. All Ministries of the Government of India are requested to bring this to the notice of the public sector undertakings under their jurisdiction for taking suitable action in the matter.

Sd./- R. C. DUTT,

*Secretary to the Government of India
and Director General, Bureau of
Public Enterprises.*

To

All Ministries/Departments of the Government of India.

APPENDIX XV

(Vide further reply to S. No. 48—Chapter II)

No. 687-Adv. (c)/Cir-21/67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

(BUREAU OF PUBLIC ENTERPRISES)

Dated, New Delhi, the 9th August, 1967.

OFFICE MEMORANDUM

SUBJECT:—Initial estimated cost of land of Public Sector Projects and subsequent increase thereof.

It has been observed that cost of land intimated by the State Governments at the time of consideration of location of Projects had increased considerably subsequently after a decision has been taken to locate the Projects in the States concerned. This had led to the need for revision of estimates and also affected the profitability of the concerns. The Committee on Public Undertakings has suggested that the study of the land costs in various Projects should be undertaken to find ways and means by which the price of land could be limited to a ceiling at the outset.

2. The Ministry of Industrial Development and Company Affairs etc. are requested to examine the cost of acquisition of land of the Public Sector Undertakings under their control in the light of the observations made by the Committee on Public Undertakings and to ensure in respect of Projects to be taken up in the future that such large variations are avoided by having a proper understanding at the outset with the State Governments concerned in this regard. When preparing the estimates of projects in future it is requested also that specific details be given on this point i.e., that the cost of the land has been checked to be reasonable and an understanding reached with the State Government on the estimated cost, so that there is no likelihood of any appreciable escalation at a later stage.

Sd/- P. GOVINDAN NAIR,

*Secretary to the Government of India
and Director General, Bureau of Public Enterprises.*

To

**All Ministries/Departments of the Government of India.
All F.As. in the Deptt. of Expenditure.**

APPENDIX XVI

(Vide para 5 of Introduction)

Analysis of the action taken by Government on the recommendations contained in the Eighth Report of the Committee on Public Undertakings (Third Lok Sabha).

	No.	Percentage to total
I. Total Number of recommendations made	54	
II. Recommendations that have been accepted by Government [<i>vide</i> Sl. Nos. 7, 10, 11, 14, 15, 16, 19, 20, 21, 22, 23, 25, 26, 28, 29, 30, 31, 32(b), 33, 34, 35, 37, 41, 42, 43, 44, 45, 46, 48, 49, 50, 51, 52, 53 and 54].	34½	63.89%
III. Recommendations which the Committee do not desire to pursue in view of Government's reply [<i>vide</i> Sl. Nos. 2, 5, 6, 12, 13, 17, 24, 27, 32(a), 36, 38, 39 and 47].	12½	23.15%
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee [<i>vide</i> Sl. Nos. 1, 3, 4, 8, 9, 18 and 40].	7	12.96%

Serial No.	Name of Agent	Agency No.	Serial No.	Name of Agent	Agency No.
27.	Bahree Brothers, 188, Lalpatrai Market, Delhi-6.	27	33.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.]	96
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66		MANIPUR	
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
30.	People's Publishing House, Rani Jhansi Road, New Delhi	76		AGENTS IN FOREIGN COUNTRIES	
31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	
32.	Hind Book House, 82, Janpath, New Delhi	95			

(C) 1968 BY THE LOK SABHA SECRETARIAT.

PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE GENERAL MANAGER,
GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.
