

ESTIMATES COMMITTEE

THIRTEENTH REPORT

1954—55

MINISTRY OF PRODUCTION

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LOK SABHA SECRETARIAT
NEW DELHI

June 1955.

C O R R I G E N D A

Thirteenth Report of the Estimates Committee on the Ministry of Production

Page (i), Foot Note, first line: substitute ‘,’ for ‘,’ after ‘H’.

Page 1, para 1, line 1: insert ‘,’ after ‘I’.

Page 2, Heading: for ‘Fertilisers’ read ‘Fertilizers’.

para 2, line 3: for ‘estimates’ read ‘estimate’.

para 3, line 3: for ‘Fertilisers’ read ‘Fertilizers’.

Page 4, para 12, line 6: insert ‘,’ after ‘Accordingly’.

line 10: insert ‘,’ after ‘June’.

Page 5, para 13, line 4: insert ‘,’ after ‘capacity’.

para 14, line 3: for ‘evens’ read ‘ovens’.

Page 6, para 18, line 4: insert ‘,’ after ‘must’.

Page 8, para 25, line 1: delete ‘,’ after ‘Ltd.’.

line 3: insert ‘,’ after ‘when’.

line 8: for ‘m.w.w.’ read ‘m.w.’.

line 8: insert ‘,’ after ‘required’.

line 8: insert ‘,’ after ‘i.e.’.

Page 10, para 30, line 4: delete ‘,’ after ‘If’.

para 33, line 7: for ‘fertilizers’ read ‘fertilisers’.

Page 14, para 48, line 11: for ‘adibasis’ read ‘Adibasis’.

Page 15, para 50, line 3: for ‘Rupees’ read ‘rupees’.

Page 16, para 53, line 2: for ‘Appendix—’ read ‘Appendix VII’.

Page 17, para 58, line 1: insert ‘,’ after ‘factory’.

line 1: insert ‘,’ after ‘present’.

last line: insert ‘,’ after ‘expected’.

Page 18, para 62, line 12: for ‘conutry’ read ‘country’.

para 63, line 4: delete ‘,’ after ‘Ltd.’.

Page 19, para 64, after line 3: add “rials. If these steps are not taken
early, in a”.

Page 20, para 68, line 8: for ‘managing’ read ‘Managing’.

Page 21, para 71, line 2: insert ‘,’ after ‘Consequently’.

Page 21, para 73, line 1: delete ',' after 'present'.

Page 23, para 78, line 13: delete '.' after 'basis' and insert ','.

para 79, line 3: for 'prestressed' read 'pre-stressed'.

line 6A: insert 'M/s' after 'M/s'.

line 11: insert 'M/s' after 'M/s'.

para 80, line 7: insert 'M/s' after 'M/s'.

Page 24, para 81, line 3: delete 'after Doors' and insert

line 4: for 'Almirah' read 'Almirahs'.

line 13: for '1*2' read '1.2'.

line 18: insert 'P.W.D' after 'P.W.D'.

para 82, line 7: insert 'organization' after 'organization'.

line 7: insert 'viz' after 'viz'.

Page 25, para 82, line 5: insert 'firm' after 'firm'.

line 10: delete 'after not' and insert ','.

Page 26, para 87, line 11: insert 'M/s' after 'M/s'.

line 16: insert 'M/s' after 'M/s'.

Page 28, para 90, line 7: for 'thrasher' read 'thrashers'.

Page 30, para 95, line 3: insert 'Finance' after 'Finance'.

line 14: insert 'viz' after 'viz'.

line 32: for 'advertisements' read 'advertisement'.

line 32: for 'paper' read 'papers'.

Page 31, para 95, line 13: insert 'basis' after 'basis'.

Page 33, para 101, line 4: insert 'desire' after 'desire'.

line 4: insert 'however' after 'however'.

Page 39, Appendix II, S. No. 13, para 72, line 2: for 'Fertilisers' read 'Fertilizers'.

Page 50, Appendix VI, first line: for 'Fertilisers' read 'Fertilizers'.

Page 52, Appendix VI, first line: for 'Fertilisers' read 'Fertilizers'.

Page 58, Appendix IX, first line: insert 'Limited' after 'Limited'.

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MEMBERS OF THE ESTIMATES COMMITTEE, 1954-55*

1. Shri Balvantray Gopaljee Mehta—*Chairman*.
2. Shri Kamal Kumar Basu.
3. Shrimati B. Khongmen.
4. Shri Radhelal Vyas.
5. Shri Kotha Raghuramiah.
6. Shri T. Madiiah Gowda.
7. Shri Diwan Chand Sharma.
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15. Shri C. P. Mathew.
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SECRETARIAT

Shri M. N. Kaul—*Secretary*.

Shri S. L. Shaktidher—*Joint Secretary*.

Shri V. Subramanian—*Deputy Secretary*.

Shri M. Sundar Raj—*Deputy Secretary*.

*Shri H. V. Patasker & Dr. Syed Mahmud ceased to be Chairman & Member of the Committee respectively with effect from the 7th December, 1954.

**Elected member with effect from 1st December, 1954 vice Shri Nityanand Kanungo resigned.

INTRODUCTION

I the Chairman of the Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Thirteenth Report on the Ministry of Production.

2. The Report embodies the conclusions of the Committee on the Sindri Fertilizers and Chemicals Ltd., Hindustan Cables Ltd., Hindustan Housing Factory Ltd., and Nahan Foundry Ltd. The Report of the Committee on certain other National Undertakings of the Ministry of Production are being submitted separately.

3. The Committee wish to express their thanks to the Officers of the Ministry of Production for placing before them the material and information that they wanted in connection with the examination of the estimates.

SINDRI FERTILISERS AND CHEMICALS LTD.

Organisation

In 1943, the Foodgrains Policy Committee estimated that the country would require about 2 to 3 million tons of artificial fertilisers per annum and recommended the establishment of a factory capable of producing 3,50,000 tons of nitrogenous fertilisers per year. A Technical Mission was then appointed by Government to go into this question, which recommended the production of ammonium sulphate. Government accepted this recommendation and decided to establish a fertiliser factory capable of producing 3½ lakh tons of ammonium sulphate per annum. The services of Messrs. Power Gas Corporation of the U.K. and Messrs. Chemical Construction Corporation of New York were engaged by Government in the construction of the factory.

2. The construction of the factory was taken in hand in 1945 and was completed in 1951 at an estimated cost of Rs. 23 crores. The details of this estimates are given in Appendix V.

3. The factory was constructed by Government departmentally. In 1951-52, when the project was completed, its assets and liabilities were transferred to Messrs. Sindri Fertilisers and Chemicals Ltd., which was constituted into a private limited company. The Company has an authorised capital of rupees thirty crores divided into 3,00,000 shares of Rs. 1,000 each. There was no participation of private capital in this enterprise nor has it been contemplated at any stage. The paid up capital is now Rs. 17 crores. At the time of transfer Rs. 17 crores were treated as share capital and Rs. 7.5 crores as debentures carrying an interest at 4½ per cent per annum. This was done in order to keep the burden on the prices as low as possible even at the risk of having a low return on a good portion of the share capital. A fixed return on these debentures was assured and is being paid regularly. The Company has been able to finance further development from its own reserves and has also been able to return part of the debentures to Government. The debentures now stand at Rs. 5 crores.

4. The Company is managed by a Board of Directors, whose members are all appointed by the President. At present the Board of Directors consists of 8 members, including the Chairman and the Managing Director. The Company's accounts are audited by auditors appointed by the Company. It is also provided in the Articles of

Association that the Comptroller and Auditor-General of India has the right to conduct an independent audit.

5. The Balance Sheet and Profit and Loss Account for the year ending 31st March, 1954 are at Appendix VI.

Coke Oven Plant

6. One of the first measures for expansion undertaken by Sindri has been the installation of a Coke Oven Plant at an estimated cost of Rs. 280 lakhs. The construction of the Plant was carried out by Messrs. Carl Still, a German firm of coke oven manufactures. The plant took two years to install and was completed on 1st September, 1954 when the Plant went into trial production.

7. Coke was previously purchased by the Factory from the open market. The Plant, however, now, produces 600 tons of coke per day which is sufficient to meet the demands of the Factory. The Committee were informed that there would not be much surplus production and that whatever surplus there was could be utilised in other spheres in the factory.

8. The Committee were informed that of the by-products of the Plant, viz., coal-tar, ammonia and benzol, only coal-tar and ammonia were being recovered at present. The benzol recovery plant was being erected and was likely to go into production soon. Ammonia was being used by the factory itself for sulphate manufacture while coal-tar was being sold. Benzol also, when produced, would be sold.

9. Now that a large number of State-owned factories have gone into production and that their products including their by-products are available for distribution and sale, the question should be taken up for examination as to how far the requirements of Government departments and State-owned concerns should be met directly by the products of these State-owned factories and how far special preference should be given in such a distribution of the products. Such a procedure of direct supply of Government requirements from the State-owned factories would eliminate the expenditure incurred in the payments to middlemen in the case of purchases from the open market of Government requirements. The Committee also feel that by such a procedure, delays in supplies which occur frequently in procurement of stores and materials by the consuming departments of the Government would be eliminated, and the storage of heavy stock in the factories which arise due to unsystematic distribution would become unnecessary.

10. The D. G. S. & D. or the Central Purchasing Organisation which may replace the present set-up, should keep themselves completely informed of the requirements of Government agencies and the extent to which they are available from State industries and effect a proper co-ordination between the supply and the requirements. The Committee appreciate that, unless strict business principles are adhered to in all such arrangements of supply between State Undertakings and Government Departments and Agencies, delays may occur in finalising the provisional orders of Government Departments. The Committee, therefore, recommend that even in the contemplated re-organisation of the distribution arrangements, strict business principles, such as prompt payments by cash, provisional orders to be followed quickly by confirmed orders, first come first served, etc. should continue to be adhered to.

11. The Committee were informed that separate accounts were being maintained for the Coke Oven Plant but as all the sections of the Plant had not gone into full production, the annual profit could not be worked out now. The Committee recommend that proper cost accounting should be done and the actual cost of production of each of the by-products should be worked out.

Expansion Plans

12. The coke ovens produce about 10 million cubic feet of gas per day out of which about 4 million cubic feet are used for heating the ovens. The balance of 6 million cubic feet are at present burnt off and not utilised. Government decided in 1953 that the by-product gases liberated by the coke ovens should be utilised to produce more fertilisers. Accordingly Government appointed a Fertiliser Mission to investigate this matter in co-operation with the Technical Co-operation Administration of the U.S.A. and to select a process suited to Sindri after study of the various processes of manufacture abroad. The Mission reported in June 1953 and in accordance with their recommendations tenders were called for the erection of the necessary plant for the manufacture of urea and ammonium nitrate. The tenders were examined by the Fertiliser Mission's team and as a result Messrs. Montecatini of Italy were chosen to erect the Plant. The firm's capital quotations were, it appears, the lowest and their process of manufacture was the cheapest. The Committee were also informed that the Firm's technique of urea production is probably the most successful commercial process known in the world today. The Letter of Instructions to proceed were issued in January, 1955 and construction is to be completed within 32 months from the date of commencement of the contract.

13. The total cost of the Plant is estimated at Rs. 7.02 crores with an addition of Rs. 80 lakhs as engineering fee. The ancillary expenditure, which the S. F. & C. Ltd. will have to undertake in order to enable the Montecatini Installations to work to capacity is at present estimated at Rs. 3.85 crores. In all, therefore, the expansion scheme will cost Rs. 11.67 crores. The Plant is intended to manufacture 70 tons of urea and 400 tons of nitrate sulphate (double salt) per day.

14. The Committee were informed that it was intended to use the entire quantity of 10 million cubic feet of gas produced by the coke ovens. This would mean that an alternative process must be adopted for obtaining the lean gas for underfiring the ovens. The Committee were informed that this matter was under consideration.

15. The Committee were further informed that the technical staff to man the plant would be trained first in India and that some of them both from the production and maintenance sides, would be sent to Italy for training. The Committee recommend that these persons should be sent to Italy sufficiently early so that they may study every aspect of work right from the actual fabrication of the plant to its assembly, erection and working. If this is done then it would perhaps be easier for them to handle a break-down, being familiar with every part of the Plant, as well as all the aspects of its working. In the event of further expansion on similar lines, such training would stand in good stead. Technical know-how is lacking in this country and Government should seriously consider how best to build it up, even if it means some initial expenditure.

Spare Parts And Stores

Purchase

16. The following are the figures for the years 1952-53 and 1953-54 for the purchases of stores and spares:—

	1952-53	1953-54
	Rs.	Rs.
(i) Through D. J. G. S. & D.	43,62,000	50,99,000
(ii) Through I. S. D., London	2,27,000	4,52,000
(iii) Through I. S. M., Washington.	2,75,000	4,44,000
(iv) Direct	44,09,000	60,05,000
	<u>92,73,000</u>	<u>120,00,000</u>

17. The Committee were informed that there were no formal agreements with the original suppliers of machinery regarding the

supply of spares. The Committee were also informed that spares were sometimes difficult to obtain and that occasionally the Factory had had to face difficulties owing to the delay in the arrival of stores. In a few cases the spare parts had to be obtained by air to meet the emergency.

Difficulties regarding spare parts

18. Though the position in regard to the supply of spare parts is not entirely unsatisfactory, it is one which causes considerable concern. Suppliers are not prompt in deliveries and worse still, do not guarantee deliveries. Some method must therefore, be devised to ensure that production is not seriously affected by the breakdown of an essential spare part. The Factory is now new and troubles on this score will begin to be felt when the machinery gets worn out with time. In order to avoid breakdowns, the Committee would make the following suggestions:—

(i) The Company should explore all avenues for getting the spare parts produced in India itself. The Committee were informed of one instance of rubber bags for Gas Plant accumulators where after two years of effort an Indian manufacturer could be located. Constant endeavour must be made in this direction either through direct contacts with commercial organisations or through advertisements.

(ii) Larger stock than is normally necessary of essential spare parts may be maintained.

(iii) It may be examined whether it would be possible to enter into agreements with suppliers of original machinery for the supply of spare parts.

(iv) The capacities of the various major engineering works should be known to the Company so that in case of any emergency a part may be got manufactured or repaired without delay.

(v) The Company should find out the other Government organisations which use similar equipment using similar spare parts so that in an emergency a spare part may be taken on loan till those on order from abroad arrive. When the sub-Committee of the Committee visited the Factory they saw an earth-moving machine which was lying idle because one of its chain wheels had broken. The sub-Committee were informed that the machine was lying idle for more than a year and the spare part could not be obtained. It was just possible that the Central Tractor Organisation which has a great number of such machines with chain wheels could have

loaned the necessary spare part till the one ordered by the Factory arrived from the U.S.A., thus utilising the idle capacity of the machine.

(vi) The Committee feel that to some extent, the difficulties experienced in obtaining spare parts could be overcome if the Factory workshop itself would undertake wherever possible, the manufacture of such items. This should be carefully examined and such items as are not available easily elsewhere or cannot be manufactured at a more favourable price at any other place, should be undertaken to the extent the capacity in the factory is available.

STORAGE FACILITIES

19. The stores are now kept in temporary Nissen huts. The Committee were informed that these storage facilities have not been satisfactory and that a new ware-house was under construction. The Committee were also informed that regular checks were made to prevent deterioration of stores in storage. So far, nothing has been written-off due to damage during storage.

20. The Factory consumes a large quantity and variety of stores and these different stores require different types of storage facilities. When a sub-Committee of the Committee visited the Factory they were not satisfied with the manner in which some of the stores had been kept but were informed that the defects would be rectified after the new ware-house was completed. In view of the large quantities of stores consumed, the Committee would stress the need for periodic checking and thorough care not only in the receipt and issue of stores but also as regards their proper storage.

Consumption of Stores

21. The Committee were informed that the Factory had not been in full production sufficiently long to set up specific standards of consumption of stores. The Committee were informed that a careful watch was, however, being kept to ensure that there was no wastage in the use of stores. The Committee suggest that consumption standards should be fixed for all stages of production and a strict watch kept to ensure that excess consumption of stores does not take place. Regular checks should be made by the supervisory staff and the Superintendents by means of charts and remedial action taken without delay. Excess stage-wastages should similarly be discouraged and for this also standards should be laid down and their observance vigilantly watched.

Gypsum

22. Gypsum is being obtained by Sindri from Rajasthan. Exploitation of gypsum in the Jodhpur Division is being done by Sindri departmentally and that in the Bikaner Division is being done by Messrs. Bikaner Gypsum Ltd., a private concern from whom Sindri makes its purchases. The reserves in Rajasthan are estimated to be about 100 million tons.

23. Alternative sources of supply of gypsum should be examined with a view to see whether a cheaper supply of this material would be available for the factory.

Power Supply

24. The Committee were given to understand that the total installed capacity of the Power House is about 80 m. w. but that the design was defective in the sense, that they had provided insufficient boiler and cooling tower capacity to be able to use the Power House to its maximum possible capacity which is about 60 m. w. The Committee were also given to understand that it is now proposed to install one additional boiler and cooling tower etc. to correct this unbalance. The Committee, however, desire that an enquiry should be instituted to ascertain the persons responsible for the faulty designing and construction of the Power Station, and for fixing the responsibility therefor.

25. There is an agreement between S.F.&C. Ltd., and the D.V.C. that Sindri would supply the D.V.C. power upto 22.5 m.w. The present normal requirements of the Factory are 32.5 m.w. When therefore, the firm capacity has been stepped upto 60 m.w. it would be possible for the power station to meet the demands of the Factory upto 37.5 m.w. and supply the D.V.C. 22.5 m.w. After the expansion scheme for the production of urea and double salt takes place, an additional power of 26 m.w.w would be required i.e. the total power requirements including that of the supply of D.V.C. would go upto 86 m.w., which the power station will not obviously be able to meet. Difficulty would, therefore, arise if the D.V.C. insists on having supply of 22.5 m.w. of power according to the agreement.

26. The Committee were informed that the matter was being discussed with the D.V.C. at present. The Committee feel that Sindri should be allowed to utilise their power supply in full.

Shortages of Stock

27. It is noticed from the Second Annual Report that during the physical verification of stock conducted in connection with the

annual accounts for the financial year 1953-54, the following shortages were revealed:

	Shortages		Excess	
	Tons	Value (Rs.)	Tons	Value (Rs.)
Coal			10,000	1,66,116
Coke	260	10,353		
Gypsum	8,849	3,05,916		
Sulphate	5,947	13,35,871		
TOTAL		16,52,140		1,66,116
Net :	Rs.	14,86,024		

28. The explanation for the losses is as follows:—

“The differences between physical stocks and book balances are not substantial except in the case of sulphate, considering the vast quantities of materials handled. The shortage of 5,947 tons in the stock of sulphate valued at Rs. 13,35,871 appears to be due to a variety of reasons; such as dust, losses in handling, teething troubles and inaccuracies in some of the recording instruments, impossibility in existing conditions of verifying stocks accurately, and the deliberate policy of erring, if at all, on the side of despatching overweights rather than underweights to avoid complaints from customers and unsavoury reputation in the market. The shortage of sulphate of tons 5,947 appears to have occurred over a period of nearly 3 years of a production of nearly 5,94,000 tons representing about 1% of the turnover. The shortages of Coke and Gypsum relate to the financial year under review and represent 0.2 per cent and 2.00 per cent of the turnover”.

29. The Committee were informed that the shortages of material other than Sulphate were not abnormal and as such no special enquiry was conducted with a view to fixing responsibility. In regard to Sulphate, the shortages are, it is understood, under examination. It has also been reported that the question of the differences in stock are the subject of examination by Sindri's Directors with a view to improving arrangements which will minimise such differences in the future.

30. The Committee desire that the matter which has been pending for a long time should be finalised and the results of the examination advised to them in due course. The Committee also

desire that a small Committee of Technical Experts should be appointed to go into the question of the extent to which wastages of such material could be considered as normal conditions during the course of working. If, as a result of this enquiry it is found that the shortages which have occurred already are abnormal, responsibility for this should be fixed on the persons concerned.

Publicity

31. The Publicity Department of Sindri has the following staff:

	Rs.
1 Public Relations Officer	1000 (fixed)
1 Senior Public Relations Assistant.	300—400
4 Junior Public Relations Assistants.	160—10—330
1 Stenographer.	160—330
1 Upper Division Clerk	80—220
1 Peon	30—1—35

The Committee were informed that there was a sanctioned strength of 3 Senior Public Relations Assistants and 6 Junior Public Relations Assistants.

32. Publicity mainly consists of press publicity in the shape of articles, special supplements etc., publicity through the radio and through exhibitions and the publication of a monthly English magazine called "Sindri News". The Committee were informed that it was intended to produce a Hindi version also of this magazine. The Committee were also informed that about 12,000 visitors came annually to visit Sindri and that it was the responsibility of the Publicity Department to receive them, show them around etc.

33. The Committee feel that the Indian Council of Agricultural Research is the proper agency to publicise the uses of fertilisers and to carry the information to the cultivators in the field. The Council is publishing many pamphlets, booklets, etc., on many aspects of agriculture for the benefit of cultivators and others interested in the subject and there is no reason why the material relating to fertilizers should not also be handled by them. The Committee, therefore, recommend that the publication of the "Sindri News" should be stopped and the question of retrenching the publicity department should be examined. A few persons may be retained for conducting visitors to the Works and for showing them round.

Methanol Plant

34. The Committee were informed that a plant for the production of methanol with a capacity of about 80 tons per day

was lying idle at Sindri. This plant had been received as part of the German reparations to India and had been transferred to Sindri in the hope that methanol could be produced there. It appears that there is very little use for methanol in the country and as such the plant was not installed. The Committee were informed that a sum of Rs. 1.85 lakhs had been spent so far on this plant, out of which Rs. 1.2 lakhs were for its maintenance.

35. The Committee gathered that the Ministry of Defence had plans which would require methanol in large quantities and that they were thinking of erecting a plant for this purpose. The Committee were informed that negotiations were going on between the Ministry of Defence and Sindri about the transfer of the plant but that no final decision had been taken.

36. The Committee feel that it is a great waste to let the plant lie idle at Sindri and expect the Company to maintain it at an enormous cost. The Ministry of Defence should take a decision on this matter early. If they do not require the plant, early steps should be taken to dispose it of. If the Ministry of Defence require methanol, the Committee would suggest that it may be manufactured at Sindri and purchased by the Ministry of Defence.

Distribution of Fertilisers

37. Since 1943-44 the distribution of sulphate of ammonia has been regulated under the "Central Fertilisers Pool" under the State Trading Scheme. The Pool was constituted so that whatever fertilisers were available could be equitably distributed at reasonable prices to the cultivators. The total production of ammonium sulphate in 1955 produced by Sindri, F.A.C.T. at Alwaye and by the Steel and Coke Oven Plants as a by-product is estimated to be 3,92,000 tons. This fertiliser is supplied to States at a uniform pool price which is worked out on the basis of procurement costs and other overhead expenses. The internal distribution to the cultivators is done by the States themselves.

38. Under the Pool arrangements all State Governments and other consumers like tea and coffee plantations etc., furnish their demands to the Pool. These demands are screened by the Pool who issue quarterly allocations. Monthly releases are then issued against these allocations. The States then give despatch instructions to cover their allotments. The choice of consignees is entirely within the discretion of the States. In the case of States, as soon as the specific instructions are received from them at Sindri, despatch is arranged and the cost is collected by the Pool and credited to the Company. In the case of other parties, the cost is collected in full or in part as advance and the balance against railway receipt.

39. The Committee were informed that quite often despatch instructions are not received from the States sufficiently in advance with the result that despatches within the limited time fixed by the State Governments sometimes become difficult. At times the demands are also not fully met. This results in the cultivator not getting the fertilisers in time.

40. The Committee were informed that the possibility of the Central Government undertaking the storage of fertilisers on a regional basis had been examined and that it was considered that it would not be an economical proposition as the additional expenditure which will have to be incurred on this score will have to be passed on to the consumers, resulting in enhancement of the pool price. The Committee agree with this view. The Committee, however, feel that this responsibility should be undertaken by the State Governments. In this connection, the Committee were informed that even if the State Governments merely utilised their existing storage facilities fully, it would go a great way in solving the problem.

41. The Committee feel that sufficient buffer stocks should be maintained at different points in the States so that the cultivator may be guaranteed his supplies of fertilisers whenever he requires them. At present the fertilisers are requisitioned by State Governments only just before the season. Sindri finds it difficult to cater to all the demands at the same time and the railway system cannot cope up with the simultaneous demand for movement during the main sowing seasons all over India, with the result that the cultivator suffers. The Committee feel that the State Governments should estimate their requirements sufficiently well in advance. For this they should obtain the estimates of requirements from each village through the village and district agencies. The total estimates for the State should then be prepared before at least two months in advance. The State Governments should also utilise to the maximum extent their own storage facilities and the storage facilities of co-operative organizations etc., through whom they sell the fertilisers, so that firstly, a continuous flow of fertilisers throughout the year takes place reducing the congestion on the railways and secondly, the cultivators do not suffer due to late arrival of supplies. The consumption of fertilisers is increasing in this country and with the establishment of new fertiliser factories and expansion of existing ones, the problem of storage and distribution would soon assume greater proportions. Sound planning is, therefore, necessary in this matter.

42. The Committee would recommend that as far as possible distribution in rural areas should be done through the panchayats, the

Co-operative Societies, the Community Projects and the National Extension Service Schemes and other development agencies. This would eliminate extra costs on account of distributor's commission. A large number of distributing agencies would eliminate difficulties faced by some farmers who have now to purchase their fertilisers from a great distance and transport them to their own fields. It also came to the notice of the Committee that in some areas, farmers find it difficult to procure the fertilisers and that the presence of middlemen who demand commissions often creates difficulties for them. The Committee recommend that the whole system of distribution should be carefully examined and adjusted in such a way that the farmer can obtain whatever quantity of fertilisers he requires with the least amount of difficulty.

43. The Committee understand that the people around Sindri do not obtain the fertilisers from the factory directly. If the raw fertilisers can be utilised in the areas around Sindri, the Committee would recommend that the Factory or the State Government concerned should open a small retail store for the benefit of these people.

Research and Advice on Utilisation of Fertilisers

44. The Committee were informed that the consumption of ammonium sulphate was increasing rapidly. In 1954 it was 5.5 lakhs tons. In 1955 it is expected to be 6.34 lakh tons and 7.25 lakh tons in 1956. If internal production remains at 4 lakh tons, over 3 lakh tons of sulphate of ammonia would have to be imported during 1956. A Fertiliser Production Committee had been set up in October, 1954 to examine the possibility of producing more fertilisers in the country. In an interim report the Committee have suggested the installation of a plant with an annual capacity of 70,000 tons of nitrogen (equivalent to about 2,00,000 tons of ammonium nitrate) in the Bhakra-Nangal area. This recommendation has been accepted by Government.

45. It is encouraging to note the advance the country is making in this direction. The Committee would, however, make one comment in this connection. Not all fertilisers suit all soils. Various fertilisers have to be used in various proportions and often with the admixture of phosphatic fertilisers or organic manures. Proper care should, therefore, be taken to render correct advice to the cultivators in this regard. Proper research as to the suitability of the various fertilisers to the various soils and to the proper methods of their use should be conducted and wide publicity should be given to these matters through the I.C.A.R. Research should not only be done on the use of the chemical fertilisers but also on the use of organic and country-made manure. The Committee would mention in this connection the need to make proper use of backyard

manure and municipal sewage material as fertilisers. These are available in plenty in the country and are being wasted.

46. The cultivator is not often a literate person and written instructions might not go far in enlightening him. Instructions can, therefore, be carried best only by practical and oral instructions. This is a great responsibility as indiscriminate and faulty use of fertilisers might cause incalculable harm to the soil and to the country. The Central Government should, therefore, take the necessary initiative in this matter and through the active co-operation of the State Governments, the National Extension Service and other development schemes carry the message of the fertiliser to the cultivator.

Miscellaneous

47. The Committee suggest that in appointing the Members of the Board of Directors, Government should see that the agricultural interests who are ultimately the consumers of the product of the factory are given due representation and that at least one member of the Board of Directors is chosen from such interests.

48. The Committee have elsewhere recommended the principles to be adopted in the recruitment of staff in the nationalised undertakings. They have recommended that un-skilled staff should be recruited from the local areas and that due representation should be given to them in the matter of recruitment to semi-skilled and skilled categories also. The Adibasis form a large part of the local population in the factory area and they should, therefore, along with others be given full opportunities for training and service in the factory. Moreover, the educational institutes attached to the factory should as far as possible be open to the children of the people in the neighbourhood including the adibasis who may not be employees of the factory as a measure of welfare and the improvement of the community.

II

THE HINDUSTAN CABLES LTD.

Organisation

49. The Hindustan Cables Ltd., Rupnarainpur, near Chittaranjan in West Bengal, manufactures tele-communication cables and caters mostly to the needs of the Posts and Telegraphs Department in this country. India's requirements of paper-insulated, lead covered and armoured telephone cables were being met in the past entirely from imports, which worked out to about Rs. 1½ crores every year. The idea to set up a factory for the manufacture of telephone cables in this country was mooted in 1947. A detailed project report was prepared by August, 1948 showing that the establishment of a factory at a capital outlay of Rs. 1 crore would be a substantially profitable proposition. The scheme was approved and the Standard Telephones and Cables Ltd., London were chosen as technical consultants. A Technical Agreement was signed with them in 1949. In 1950, however, for reasons of financial stringency, the construction of the Hindustan Cables Ltd., like many other similar projects, was postponed. In 1951 the scheme was revised and put through. Construction work started in January, 1952. The factory went into production on the 1st September, 1954.

50. The factory was initially started under departmental supervision and was converted into a limited company on the 4th August, 1952. The Company has an authorised capital of Rupees three crores divided into 30,000 shares of Rs. 1,000 each. The shares are held entirely by Government. The Company is managed by a Board of Directors, the members of which are all appointed by the President. The Company's accounts are audited by an Auditor appointed by it. The Articles of Association also provide for an independent audit by the Comptroller and Auditor-General of India.

Estimates of Expenditure.

51. The estimate of expenditure on the factory was Rs. 110·3 lakhs, the break up of this figure being as follows:—

Broad heads of Expenditure 1	Estimate 2
	Rs.
1. C.P.W.D. 3/8 Civil Construction work.	40,82,375
2. Plant & Machinery and other accessories including erection.	42,92,196
3. Telephone System.	12,936
4. Canteen equipments and necessary service.	20,000

I	2
	Rs.
5. Railway Siding	3,20,000
6. Electric Sub-station	1,24,614
7. Security & fire service equipments	36,414
8. Transport	40,614
9. Bund for reservoir	21,000
10. Furniture and office equipment	75,000
11. Medical appliances and outfit	11,000
12. Training of Personnel.	50,000
13. Consultant's fees	3,45,080
14. Working Capital for raw materials	16,00,000
	Rs. 110,31,229

52. The actual expenditure incurred by Government during the last four years and the Budget estimates for the year 1955-56 are as follows:—

1951-52	..	Rs. 1,96,310
1952-53	..	Rs. 16,39,724
1953-54	..	Rs. 65,00,737
1954-55	..	Rs. 39,00,000
1955-56	..	Rs. 7,00,000

53. The balance sheet and the Deferred Revenue Account of the Company for the year 1953-54 are at Appendix—.

Agreement with S. T. C.

54. The Technical Agreement with Messrs. Standard Telephones & Cables Ltd., which was signed in November, 1949, is for a period of 20 years. The factory was set up under the supervision of the S. T. C. who have provided the patent rights and the technical know-how and have also provided training facilities to Indian engineers in their factory in England. For this service the S. T. C. are to be paid as follows:—

(i) 6 per cent of the total cost of the factory, plant, fixtures and equipments, subject to a ceiling of £30,000.

(ii) 6 per cent of the total cost of any expansion or improvement to the factory if Government appoints the S. T. C. to undertake such expansion or improvement.

(iii) 2 per cent of the selling price of all goods produced or sold by the factory payable at the end of each year with a guaranteed minimum payment of £3,000 for the first year and 5,000 for the second and third years.

This minimum will be increased on a percentage basis to allow for the inclusion of coaxial and carrier cables—at present not estimated—so that the guaranteed minimum annual payment shall not be greater than £10,000 per annum.

55. As regards item (ii) above, the Committee suggest that the various expansion schemes such as the expansion of the armouring shop should be undertaken by the Company itself instead of the work being allotted to the S. T. C. This would save the 6 per cent commission otherwise payable to the S. T. C.

56. The original estimate of the value of the factory, plant, fixtures etc., was Rs. 57·5 lakhs, and the sum due to the S. T. C. at the rate of 6 per cent came to Rs. 3·45 lakhs. Out of this, five instalments of £5,000 or £25,000 (Rs. 3·33 lakhs) have been paid, leaving a balance of Rs. 12,000.

57. The Committee were pleased to note that Senior Engineers with long years of experience were deputed by the S.T.C. to help in the installation of the factory and that their work was satisfactory.

Expansion Plans

58. The factory as it is designed at present is capable of producing 470 mile length of tele-communication cables per year. This was based on the estimated annual demand for cables of the Posts and Telegraphs Department. The P. & T. Department have increased their demand to 871 miles of cables for 1955-56 and this figure is likely to increase further during the coming years. In order to meet this increased demand the capacity of the armouring shop of the factory is being doubled at a cost of about Rs. 7·5 lakhs. The factory is likely to work in two shifts by 1956-57 and it would then be capable of producing about 800 miles of cables per annum.

59. The Committee were also informed that it was proposed to install the necessary equipment for the manufacture of coaxial and carrier cables. It appears that about 200/300 miles of coaxial cables per annum may be required by P. & T. Department. The Committee were further informed that the question of manufacture of power cable was also under examination.

60. The Committee consider that in planning the expansion of this factory the need for establishing a foreign market for these goods, especially in the countries in South and South-East Asia should be borne in mind. The Committee consider that every effort should be made to increase the trade connections between this country and the countries in South and South-East Asia by the export of manufactured goods as far as possible. It may be necessary for this purpose to grant long term credit facilities to these countries for the purchase of our manufactured goods. It has already been stated above that the production expected if the factory works in

two shifts, is about 800 miles of cables. However, the demands of the P. & T. Department are likely to exceed this figure with increased activities, and, if the market in South and South-East Asia could be tapped as now suggested by the Committee, the future requirements of cables produced in the factory are bound to exceed this figure. The Committee suggest, therefore, that the Government may examine whether the factory can in future undertake three shifts to meet all the requirements.

Spare Parts

61. The Committee were informed that along with most of the machinery which had been purchased, certain spare parts were obtained in accordance with the advice given by the S.T.C. There were no agreements with the suppliers of machinery for the supply of spare parts. It appears that a detailed list of the spare parts is being prepared in the light of the experience of actual production and these spares will be kept in stock in order to avoid a hold-up in the event of a break-down of supply of spare parts.

62. The Committee were informed that in certain other undertakings serious difficulties had sometimes to be faced because of the difficulty of obtaining spare parts. In most cases it related to proprietary articles. The Committee have made certain recommendations elsewhere about increasing the capacity of the engineering industry in this country. Till the engineering industry was developed to such a stage as to be capable of manufacturing these spare parts, the Committee feel that it might be desirable to have some agreement with the suppliers of machinery for the supply of spare parts also. To tide over this difficulty it might also be advisable for the Company to check up the capacity of the various engineering works in this country, so that in times of emergency these sources could be mobilised quickly.

63. The capacity of the workshop of the Chittaranjan Locomotive Works, which is nearby, is fairly large and the Committee expect that it would ordinarily be able to cater to the needs of the H. C. L. also. If so, there is no need for the Hindustan Cables Ltd., to have a workshop of its own of any considerable size. This question may be examined.

Stores

64. The Chairman of the Company in his annual report to the shareholders on the 28th January, 1954, stated:

"...practically all the raw materials have at present to be imported. While my recommendation on the one hand is that the Company should consider extending its activities, steps must at the same time be taken to ensure

that as far as possible raw materials are available within the country; and active measures considered to encourage the establishment of the manufacture of such raw materials. In emergency, this factory will be practically inoperative."

65. The Committee were glad to learn that fruitful efforts had been made by the Company to obtain some of the raw materials from indigenous sources. The main items required for cable manufacture are copper wire, antimonial lead, steel tape, insulating and numbered paper, hessian cloth and cotton yarn. Copper wire is purchased from Indian manufacturers but the Committee gathered that these manufacturers actually import the copper required for the purpose from abroad. Copper of the required degree of purity is not available in India at present. The Committee understand that valuable copper ores are available in abundance in Rajasthan and would suggest that urgent action be taken by Government for the development of these ores with a view to extracting copper of the required degree of purity as a part of the industrial development plan in the second Five Year Plan. Antimonial lead was being imported from abroad but the Committee were informed that the Company had now found an Indian supplier who had supplied this metal according to the required specification. The price of this indigenous product was also less than that of the imported metal. Steel tape is now imported. In the new steel works at Rourkela, provision exists for the manufacture of steel tape and when this steel plant goes into production, imports of steel tape would not be necessary. Another raw material now imported is insulating and numbered paper. The Committee were informed that efforts were being made to get this paper manufactured in India.

66. The Committee were informed that in 1954-55, 43 per cent of the total cost of the stores consumed was towards imported goods while in 1955-56 stores amounting to only 15.4 per cent of the total value will be required to be imported. This figure, though reassuring, needs to be brought down further. A number of raw materials are required during various stages of production and the lack of any one of these will create a break in the chain, thus upsetting production totally. As the Chairman of the Company has pointed out, in times of severe emergency the factory would become inoperative if preventive steps are not planned for now. The Committee desire that increased efforts should be made by Government to see that all the raw materials required by the factory are produced in the country, and that the factory is not dependent on imports for its requirements.

67. The Committee were informed that it was not obligatory for the Company to make its purchases of stores through the D. G. S. & D. but that this was being done in practice to a considerable extent.

The Committee would suggest that as far as possible purchases should be made through the Central purchasing agency of the Government of India. The Committee were informed of delays on the part of D. G. S. & D. but this difficulty can partly be overcome by indenting for stores sufficiently well in advance.

68. The Committee were informed that scales of consumption stores had been laid down according to the manufacturing specifications supplied by the technical consultants, the S. T. C. Ltd. The Committee suggest that the consumption of stores should be fully checked and wastages discouraged. Control should also be exercised over stage-wastages. The Committee feel that checks must be exercised not only by the heads of the various departments but by the managing Director himself. Regular charts may be maintained so that wastages at any stage may be noticed easily and remedial action taken.

69. The sub-Committee of the Committee noticed at the time of their visit to the factory that large quantities of cables manufactured by the factory and intended for the P. & T. Department had been lying for some time without having been removed. The Committee were given to understand that the authorities were evolving a procedure for the quick removal of manufactured material by the P. & T. Department. The Committee hope that a procedure would be evolved quickly and that such a large locking up of capital by way of non-utilisation of manufactured goods will not continue. Even as regards the cables which had already been made over to the P. & T. Department, the Committee noticed that substantial amounts have been outstanding payment for some time. They consider that as between a Government Department and a State Undertaking, strict business principles of sale and purchase should be observed, and no indenting should be made for materials unless it is proposed to remove them as quickly as possible when they are ready for supply and that all payments are made promptly and in cash.

Amenities for Staff

70. The Committee were informed that 85 residential quarters had been allotted to the staff and that the construction of 59 more quarters had been taken in hand by the C. P. W. D. and that these were expected to be completed shortly. Single accommodation has also been provided for all the employees who required it.

71. The Committee would suggest that the construction of buildings, including residential accommodation for the staff, should be undertaken by the Company itself directly instead of through the C.P.W.D. Ordinarily, on account, *inter alia*, of its vast area of activities, the C.P.W.D. is a somewhat overcentralised department and

the senior officers of the department have their quarters far away from the place of construction. Consequently effective supervision is not possible over such constructions, and delays are also bound to occur. While it may be essential for departmental buildings being constructed through the C.P.W.D., the Committee do not see the need for the same procedure being adopted in the case of constructions of buildings for autonomous Limited Companies also. Buildings could be constructed quicker and more effective supervision on the construction exercised by the Company's officers with consequential economies in cost if the work is done by contractors employed by the Company itself.

72. There are no rented houses available near the factory and the employees have to depend solely on the accommodation provided by the Company. The Committee hope, therefore, that before long all the employees will be properly housed. A sub-Committee of the Estimates Committee visited some of the houses built for the staff. They were informed that the Company had organised a kitchen garden competition to which there was an enthusiastic response. The sub-Committee visited the small but beautiful garden of the winner and were glad to see it. The Committee would commend such activities to the other industrial undertakings under the Ministry of Production as well as other Ministries. The Committee would also urge these undertakings to pay special attention to social welfare of their staff. The staff serving in most of these undertakings live far away from towns and cities and do not have the type of amenities, entertainments, or social activities that people in cities can have.

Staff

73. The total strength of the staff of the Company at present, is 301, the break-up being as follows:

	Officers . . .	12
	Supervisory (Factory) staff . .	12
	Office staff . . .	21
	Peons and Jamadars . . .	8
	Sweepers . . .	7
	Drivers . . .	4
	Security chowkidars . . .	25
<i>Workmen</i>	Monthly rated . . .	83
	Daily rated . . .	29
	Casual . . .	62
	Apprentices . . .	10
	Others . . .	18
		<hr/> 301 <hr/>

74. The Committee were informed that six Indian engineers had been trained in England in the manufacture of cables. The Committee feel that these trained engineers should be in a position, after having gained some practical experience in the factory, to impart

training to new engineering staff. If the factory is to expand and work in double shifts, more men would be required. The Committee suggest that the personnel for the future requirements of the factory be recruited early and trained thoroughly so that no difficulty is experienced when the expansion actually takes place. As the machinery and the know-how are now available in India itself, this may be utilised to the fullest extent, instead of spending money on foreign training, which may be resorted to only when good reasons exist.

75. As for the technical staff, the Committee would suggest that candidates with suitable qualifications should be taken first as apprentices and if found satisfactory, absorbed in the factory. Planned training of technical personnel now might stand in good stead for the future expansion plans.

76. The Committee were informed that an Assistant Accounts Officer (Costing) is proposed to be appointed shortly. The Committee would stress the vital need for a good costing organisation and hope that proper cost accounts will be maintained.

77. The Committee recommend that standards of output should be laid down for the skilled labour and the technical personnel and a constant efficiency drive carried on to see that these standards are bettered. A reward or prize for better output may also act as an impetus for increased efficiency. It may also be desirable to obtain statistics of output per man hour from the S. T. C's factory in England for the sake of comparison and improvement.

HINDUSTAN HOUSING FACTORY LTD.

Introductory

78. The Government Housing Factory at Delhi was set up in 1950 for the manufacture of pre-fabricated houses with the technical assistance of a British firm, M/s. Structural and Mechanical Development Engineers Ltd. Due to certain technical and other difficulties, the factory could not go into production on the lines originally planned. Towards the end of 1950, a Committee enquired into the working of the factory and another technical Committee was appointed in May, 1951 to consider the best way to utilize the assets of the factory. On the recommendations of these two Committees, it was decided in August, 1951 to abandon the original scheme and to explore new avenues for putting the factory to a profitable use. During 1952-53 the factory was run on a purely care and maintenance basis. the only activity being a few experiments on the suitability of foam concrete as roofing material.

79. After negotiations with various parties, it was finally decided that the factory should be utilized to produce foam concrete roofing slabs, prestressed concrete components, wood work in the standardized patterns and for steel fabrication in association with M/s. Basakha Singh Wallenberg Ltd., an Indo-Swedish firm. An agreement between the Government of India and M/s Basakha Singh Wallenberg Ltd. was signed on the 6th December, 1952. The Hindustan Housing Factory Ltd. was incorporated and registered as a private limited company with a share capital of rupees 1 lakh under the Indian Companies Act at Delhi on the 27th January, 1953, the Government of India and M/s Basakha Singh Wallenberg Ltd. being equal partners holding shares to the extent of Rs. 50,000/- each

80. The fixed assets of the Government Housing Factory (original book value roughly Rs. 55 lakhs) consisting of land, buildings, plant and machinery and railway sidings have been leased with effect from 1.4.53 on rent to the Hindustan Housing Factory Ltd. for a period of 16 years initially. The working capital of the company to the extent of Rs. 10 lakhs and additional plant and machinery to the extent of Rs. 17 lakhs are to be provided by M/s Basakha Singh Wallenberg Ltd. according to the Agreement.

Functions

81. The Hindustan Housing Factory Ltd. is now mainly producing the following items:—

- (1) Wood work (Doors. Windows, Shutters, Kit boxes, Almirah etc.).
- (2) Pre-stressed and precast concrete products.
- (3) Foam concrete components.
- (4) Steel fabrication.
- (5) Vibrated cement concrete pipes.

Wood Work.—The factory has already executed orders for wood work worth Rs. 8.2 lakhs and further orders to the extent of Rs. 17 lakhs are under execution.

Pre-stressed concrete products.—The factory has so far produced and sold pre-stressed concrete products worth Rs. 1.2 lakhs. The factory has under execution orders worth about Rs. 2.23 lakhs. The C.P.W.D. have been carrying out tests for sometime on the suitability of pre-cast beams and roofing panels and order worth about Rs. 11.26 lakhs from the C.P.W.D. is expected to be received shortly. A large order from the Chief Engineer, Punjab P.W.D. is also likely to be received shortly.

Foam concrete components.—Foam concrete Department is to some extent still in an experimental and research stage. Production has commenced and a small order has been completed.

Steel Fabrication.—An order worth Rs. 50,000 from Kuwait for the supply of pre-fabricated hangars is under execution—part supply has already been shipped.

Vibrated Cement Concrete Pipes.—The production of these pipes has been set up and experiments are in progress with the co-operation of the Delhi Water and Sewage Board to test their suitability for sewage purposes. For drainage work, however, these pipes are quite useful and economical. Orders to the extent of Rs. 80,000/- have been executed.

Failure of Government Housing Factory

82. *Choice of Contractors.*—The Committee were informed that before giving the contract to M/s. Structural and Mechanical Engineers Ltd. Government had ascertained that that firm was adequately qualified to undertake the job and had enough capital assets to make it a dependable party. It was a recognized firm in the U.K. with experience in the construction of pre-fabricated houses—being a subsidiary organization of a much bigger organization viz.

The Alumin Ltd., who had contracts with the British Air Ministry during the War for aluminium work connected with aircraft fabrication and had also subsequent contracts with the British Ministry of Housing for pre-fabricated houses in aluminium. The Government had undertaken to make two kinds of payments to that firm viz., (i) the royalty on the concrete panels and (ii) the reimbursement to the firm of the expenses incurred by them in rendering services as experts. As no panels were produced, the Government did not pay any royalty to the firm. The Committee are concerned over loss of public money in the Government Housing Factory. They would not, however, like to express any opinion on the choice of contractors or the responsibility for the loss as they did not have time to go into the details of the matter which have been dealt with by a Technical Committee.

Disposal of the Surplus Stores of the Government Housing Factory

83. When the Government Housing Factory was declared closed, surplus stores worth Rs. 39.21 lakhs (book value) were left behind. Out of this, stores worth Rs. 34.56 lakhs (book value) were disposed of during the years 1952-53, 1953-54 and 1954-55. Stores worth Rs. 4.69 lakhs still remain to be disposed of. The Committee were informed that the latest position was that if one item, viz., aluminium roof components which the C.P.W.D. felt they might be able to utilize, were taken by them, stores worth only about Rs. 2 lakhs would be left over. It is expected that the C.P.W.D. will remove the aluminium sheets etc., in a month or so. The remaining stores are also expected to be disposed of by D.G.S. & D., by the end of September, 1955. The Committee did not have time to enquire into the staff and expenditure of the cell of the Government Housing Factory kept for the maintenance of surplus stores, but would like that after disposal of the final lot by the D.G.S. & D., the establishment of the Government Housing Factory be closed.

Market for the products of Hindustan Housing Factory Ltd.

84. The factory is at present supplying mainly to Government departments but the object is to cater for private parties also. It is hoped that once the products become well known through the Government Departments, the demand from private parties would also follow. The rates quoted for the doors and windows manufactured by the factory were not always cheaper than those of the carpenters working on cottage industry scale. The advantages in favour of the factory are the speed of manufacture and the quality and superior finish of the work done by machines. The factory is capable of meeting only a fraction of the demand for the wood work in Delhi and as such it is not likely to affect the interests of the cottage industry.

Manufacture of Light Weight Concrete Blocks

85. The defunct Government Housing Factory was designed to produce light weight foam concrete wall panels. When the Hindustan Housing Factory took over the assets of the Government Housing Factory, it was expected that the lessee factory would resume the production of this item. As much as Rs. 30 lakhs worth of machinery out of the total assets of the Government Housing Factory had been installed for this Department. But the Managing Director of the present Hindustan Housing Factory explained that due to certain difficulties the production of this item could not be taken up. The difficulties were firstly, non-availability of the requisite quality of cement and secondly, want of demand due to reluctance on the part of the Engineers to make use of new material in the building industry. The Management of the factory, it is learnt, has requested Government to exempt them from the payment of depreciation of Rs. 1.4 lakhs per year for the next three to five years until the machinery is put to full use.

86. *Prima facie* the request does not appear justifiable as according to the terms of Agreement, M/s. Basakha Singh Wallenberg Ltd. had agreed to utilize all the leased assets of the Government Housing Factory and pay depreciation thereon. The Committee, therefore, suggest that the question may be gone into by an expert Committee before acceding to the request, if Government propose to do so.

Finance of the Factory

87. The Committee are of the opinion that the finances of the factory are not very sound and the Government should be careful in advancing any further loans asked by the Factory. The representatives of the Ministry informed the Committee that the loan so far advanced had been adequately covered by securities and that there was provision that even if the Factory went into liquidation, the loan advanced by Government will have a prior claim over the working capital. But it is not understood why the Government did not insist upon the personal guarantee of S. Basakha Singh as has been done by the other party and was content with the mortgage of M/s B. S. W's plant and machinery, which is worth only little more than the amount loaned. The mortgage of this property would also mean that M/s. B. S. W. Ltd. have in effect risked only Rs. 10 lakhs worth of working capital; whereas they should have also put up plant and machinery worth Rs. 17 lakhs. The Ministry have explained that their partners M/s B. S. W. have installed machinery and plant worth only Rs. 2.5 lakhs because it was not necessary at the moment to install all the machinery. But if all the machinery was

not necessary, they should have at least made available more working capital, which was needed to implement their present policy of utilizing the existing machinery. The Committee suggest that an independent Chartered Accountant may be appointed to examine and report on the financial affairs of the Company. The Committee shall thereafter further examine the position.

Other recommendations

88. The Committee have also the following recommendations to make:—

1. The pre-stressed pipes are at present being tested at Bombay and the other articles tested at the laboratory of the factory as well as at the C.P.W.D. laboratories. In order to ensure quick and correct assessment, these tests may also be carried out in the Building Research Institute, Roorkee.
2. Greater publicity should be given to the products of the factory. Arrangements should be made through the dealers in housing construction goods to exhibit the Housing Factory's products.
3. The Research Laboratory should complete the tests on the light weight reinforcement compartment.
4. After the existing machinery has been fully utilized, the factory should expand and produce more articles. The Committee suggest that a possible line of development is the production of asbestos cement products.

IV
NAHAN FOUNDRY LIMITED, NAHAN

Introductory

89. The Nahan Foundry, situated at Nahan in Himachal Pradesh, is over 75 years old and originally belonged to the Maharaja of Sirmur. On the integration of the Sirmur State with Himachal Pradesh, the Government of India became entitled to a half share in the proprietorship of the Foundry, the other half share remaining with the Maharaja of Sirmur. Subsequently, in March, 1952, the Government of India acquired the Maharaja's share also for Rs. 30 lakhs and since that date the Government of India have been the sole proprietor of the concern, and the Foundry is marked as a Limited Company, formed for the purpose from the 1st January, 1953. The management of the Foundry since then vests in a Board of Directors, having an equal number of representatives of the Himachal Pradesh Government and the Central Government.

Functions

90. The Chief functions of the Foundry are as below:

- (i) To manufacture agricultural implements such as cane crushers (bullock driven), power-driven cane crushers, flour mills (power and bullock driven), chaff-cutters (power and hand driven), centrifugal pumps of various types, Sarovar bullock driven pumps, maize corn shellers, paddy thrasher, juice boiling pans and cast iron anghithies.
- (ii) To hire and sell the above products through hiring and sale agencies.
- (iii) To run service station in the areas where these implements are sold.

91. The Super Sarovar bullock driven pumps and the corn shellers are said to have been invented and designed by the Engineers of the Company themselves. The Foundry is also executing orders placed by the Railways and the Posts and Telegraphs for anchor plates and cast iron saddles respectively.

Budget Estimates

92. A copy each of the Profit and Loss Account and Balance Sheet of the Company for the period 1st April, 1953 to 31st March, 1954 are given in Appendices VIII & IX. The Foundry was given repayable advances of Rs. 4 lakhs in 1952-53 and Rs. 3.5 lakhs in 1953-54.

A provision of Rs. 2 lakhs was made in the budget for 1954-55 for advancing loans to the Nahan Foundry Ltd., for meeting their working expenses and other urgent demands during the off-season for cane crushing when the receipts from sales and hiring of the Foundry's products are not normally sufficient to meet their expenditure. A similar advance of Rs. 2 lakhs has been provided for in the Budget Estimates of 1955-56 to meet a possible demand from the Foundry.

Staff

93. The Foundry has the following important Officers on its staff:—

1. *General Manager & Engineer-in-Chief.*—He is both the technical as well as commercial head of the Institution. He is also directly in charge of the Manufacturing section comprising of:

- (i) Planning, Designing;
- (ii) Production Moulding Shop; and
- (iii) Production manufacturing side.

He is assisted by two Assistant Engineers for (i) and (ii).

2. *Organizer of Agencies.*—He is the head of the organization for paid agents and commission agents. He is assisted by a number of Inspectors and Sub-Inspectors.

3. *Sales Manager.*—He looks after the entire sales of the Foundry through sole-dealer for a part of Punjab, paid agents, stockists, dealers and representatives of areas. He is under the direct supervision of the General Manager.

Transfer to Himachal Pradesh Government

94. The Committee consider that the question of transferring the ownership of the Foundry to the Himachal Pradesh Government on such terms as might be mutually agreed to between the two Governments be examined. The reason is that the Foundry is a concern of local importance and should more appropriately be owned by the State Government. If for any reason, however, the Himachal Pradesh Government are not prepared to take over the Foundry, the Central Government should continue to run the Foundry till such time as alternative occupation is found for those inhabitants of Nahan who are dependent on this Foundry for their living. The Committee note that the Himachal Pradesh Government have started a Turpentine and Rosin Factory at Nahan, which may, in due course, be able to absorb surplus labour from the Foundry.

Economics in running the Foundry

95. The Board of Directors of the Foundry had requested Shri K. Nagaswami, Cost Accounts Officer in the Ministry of Finance to visit Nahan and submit a report on the general financial position of the Foundry—in particular, the steps to be taken for selling the Foundry's products. The Board of Directors also requested Shri B. P. Sinha, Assistant Development Officer (Pig Iron) in the Commerce and Industry Ministry, to visit the Foundry and make suggestions for more profitable utilisation of the Foundry's capacity. These officers submitted separate Reports on 12th April, 1954 and 31st March, 1954 respectively, which contain many suggestions. Some of them may be mentioned here.

"Future prospects of the Foundry.—The Foundry has been experimenting on the manufacture of certain new items in 1953-54, viz. centrifugal pumps of various sizes, rice huller Sarovar-bullock driven pump, paddy thrasher, chaff-cutter, corn sheller etc. The future prospects for the Foundry are entirely dependent on how far these new items can take the place of cane crushers in the matter of sales".

* * * *

"Decreasing the cost of new products.—Once the items to be manufactured are decided upon the only way in which sales could be effected at a profit is to keep the cost below what the market is prepared to pay for the product".

* * * *

"Increasing Sales.—On the other hand, if no such reduction in the cost of the product itself is possible, the only way of making profit is by increasing the sales which in its own turn would bring about an increasing of volume in production thereby reducing the cost of production to some extent. This might be possible by offering attractive commissions to further the sales through Selling Agents or Dealers. Mere advertisements in paper is not sufficient and it is only through personal canvassing by Agents and Dealers interested in effecting sales that more sales could be effected. East U.P. has some scope for development in the matter of sales and some efforts may be made to develop this market".

"Utilisation of surplus capacity.—This Foundry being a Government owned Foundry it should be possible for some

of the Government Departments to have their miscellaneous jobs done through the Foundry wherever the Foundry has the capacity to undertake such miscellaneous jobs, for instance, the Posts & Telegraphs Department have now given a small order recently which would help in increasing the paying load on the Foundry. If this Department, as also the Railway Department, are requested to pass on some miscellaneous jobs in this Foundry, especially articles required in this part of the country, it would be a great help. In order to induce these Government departments to pass on their work to this Foundry, it would be useful and advantageous to offer to do that work at actual cost basis i.e., *without charging any profit* so that the Foundry may be enabled, at least, to keep its activities to the full capacity of the Foundry and thereby avoid increases in the costs of other saleable products. The Ministry of Commerce and Industry, Development Wing, could also be requested to keep the capacity of this Foundry in view and recommend its being utilised whenever that Department has a chance of doing so".

"Manufacture of Railway Stores.—Manufacture of railway stores particularly the sleepers, axle boxes, brake blocks and the like seem to be a very feasible and attractive proposition. The Foundry does not need additional equipments for the production of these railway stores and are definitely in a position to manufacture them with the maximum of efficiency. With the facilities available in the shape of technical know-how, and their well equipped pattern and moulding shops, the switch over is expected to be very smooth and expeditious. Expected benefits of such a scheme would amply justify installation of a stress testing equipment, if the same is considered essential for the purpose.

Non-ferrous castings for the railways are the other items which the Foundry can very profitably manufacture and supply. In this they have got the unique advantage of possessing an oil-fired Tilting furnace having a capacity of 200 lbs. per melt of nearly 3 hours duration. As in the case of forged-steel products these non-ferrous castings can also be machined wherever required in their maintenance machine shop without causing any hindrance to the mass manufacture of their permanent products.

In making the above recommendations for immediate adoption, care has been taken not to dislocate in the least the working of their mass production units for the manufacture of sugarcane crushers or of the semi-mass production units for the manufacture of centrifugal pumps and bullock-driven irrigation pumps. These and other batch production items will continue to be manufactured, though on a restricted scale, depending on their respective market conditions".

96. The Committee were informed that the recommendations of these two officers were being gradually implemented.

97. The Committee recommend that the rate of commission paid to commission agents should be brought down to a more reasonable level. In view of the general financial position of the Foundry, no large capital investment should be made so long as the new items of manufacture are in the experimental stage.

98. The Committee also recommend that:

- (a) The rollers of the Sultan cane crusher should be made of a bigger diameter, as the size of the roller directly affects the crushing capacity.
- (b) The Punjab Government should be asked to amend the Octroi rule whereby if a machinery is brought within the limits of a town for repair the owner may not have to pay the Octroi duty. The present rule works harshly on the hirers of Nahan implements in regard to the service facilities provided by the Foundry.

Location of the Foundry

99. A proposal had been put forward that the Foundry should be shifted to Ambala since the latter place is more suitable, being an industrialised area, and has better business facilities than Nahan. But in view of the fact that in its present location the Foundry offers scope for employment to the local people and it would result in their being deprived of these facilities if the factory is shifted to Ambala, the Committee agree that for the time being the Foundry may be allowed to continue to function at Nahan.

100. The Committee consider, however, that if expansion schemes are undertaken by the Foundry, these should be so arranged that self contained units of development are set up in Ambala.

Labour-Management Relations

101. The Committee gathered that the relations between the management and the labour of the Foundry, left much to be desired. This has been also under investigation by a special committee. The Committee desire however that Gratuity rules and labour welfare measures, as applicable to other factories, should also be made applicable to this Foundry.

BALVANTRAY GOPALJEE MEHTA,

NEW DELHI;
The 29th June, 1955.

Chairman,
Estimate Committee.

APPENDIX I

Statement showing the summary of Conclusions/Recommendations of the Estimates Committee relating to the Ministry of Production—Sindri Fertilisers and Chemical Ltd.

S. No.	Reference to Para No. of the Report	Summary of Conclusions/Recommendations
1	2	3
1	9	Now that a large number of State-owned factories have gone into production and that their products including their by-products are available for distribution and sale, it should be examined as to how far the requirements of Government departments and State-owned concerns should be met directly by the products of these State owned factories and how far special preference should be given to the Government Departments in such a distribution of the products.
2	10	The D.G.S. & D. or the Central Purchasing Organisation which may replace the present set-up, should keep themselves completely informed of the requirements of Government agencies and the extent to which they are available from States industries and effect a proper co-ordination between supply and demand.
3	10	The Committee appreciate that, unless strict business principles are adhered to in all arrangements of supply between State Undertakings and Government Departments and Agencies, delays may occur in finalising the provisional orders of Government Departments. The Committee, therefore, recommend that even in the contemplated re-organisation of the distribution arrangements, strict business principles, such as prompt-payments by cash, provisional orders to be followed quickly by confirmed orders, first come first served, etc. should continue to be adhered to.
4	11	The Committee recommend that proper cost accounting should be done and the actual cost of production of each of the by-products should be worked out.
5	15	The technical staff for the Urea and double salt plants should be sent to Italy sufficiently early so that they may study every aspect of work right from the actual fabrication of the plant to its assembly, erection and working. If this is done then it would perhaps be easier for them to handle a break-down, being familiar with every part of the Plant, as well as all the aspects of its working. In the event of further expansion on

I

2

3

similar lines such training would stand in good stead. Technical know-how is lacking in this country and Government should seriously consider how best to build it up, even if it means some additional expenditure.

6 18 The present position of supply of spare parts is not satisfactory. In order to avoid any breakdown of production for want of spare parts the following suggestions are made :

- (i) The Company should explore all avenues for getting the spare parts produced in India itself. Constant endeavour must be made in this direction either through direct contracts with commercial organisations or through advertisements.
- (ii) A larger stock of spare parts should be built up.
- (iii) It may be examined whether it would be possible to enter into agreements with suppliers of original machinery for the supply of spare parts.
- (iv) The capacities of the various major engineering works should be known to the Company so that in case of any emergency a part may be got manufactured or repaired without delay.
- (v) The Company should find out the other Government organisations which use similar equipment using similar spare parts so that in an emergency a spare part may be taken on loan till those on order from abroad arrive.
- (vi) The Factory should itself undertake as far as possible the manufacture of spare parts which are not available elsewhere or cannot be got manufactured elsewhere more cheaply.

7 20

Proper storage facilities for the stores should be provided.

8 21

Consumption standards should be fixed for all stages of production and a strict watch kept to ensure that excess consumption of stores does not take place. Regular checks should be made by the supervisory staff and the Superintendents by means of charts and remedial action taken without delay. Excess stage-wastages should similarly be discouraged and for this also standards should be laid down and their observance vigilantly watched.

1	2	3
9	23	Alternative sources of supply of gypsum should be examined with a view to see whether a cheaper supply of this material would be available for the factory.
10	24	An enquiry should be instituted to ascertain the persons responsible for the faulty designing and construction of the Power Station, and for fixing the responsibility therefor.
11	26	The terms of agreement between the D.V.C. and the Sindri Fertilisers Ltd. in regard to supply of power by the latter from its Power House to the former requires to be reviewed.
12	30	The whole position of shortages of stock should be reviewed immediately and remedial action taken to prevent the occurrence of such shortages in future. A small Committee of Technical Experts should be appointed to go into the question of the extent to which wastages of such material could be considered as normal conditions during the course of working. If, as a result of this enquiry it is found that the shortages which have occurred already are abnormal, responsibility for this should be fixed on the persons concerned.
13	33	The Indian Council of Agricultural Research is the proper agency to publicise the uses of fertilizers and to carry the information to the cultivators in the field. The Committee recommend that the publication of the "Sindri News" should be stopped and the question of retrenching the publicity department should be examined. A few persons may be retained for conducting visitors to the Works and for showing them round.
14	36	The Ministry of Defence should take a decision on the question of the disposal of the Methanol plant early.
15	40	The responsibility for storage of fertilizers on a regional basis should be undertaken by the State Governments. The Committee were informed that even if the State Governments merely utilised their existing storage facilities fully it would go a great way in solving the problem.
6	41	Sufficient buffer stocks should be maintained at different points in the States so that the cultivator may be guaranteed his supplies of fertilisers whenever he requires them.
17	42	As far as possible, distribution in rural areas should be done through the panchayats, the Co-operative Societies, the Community Projects and the National Extension Service Schemes and other development agencies.

1	2	3
		The whole system of distribution should be carefully examined and adjusted in such a way that the farmer can obtain whatever quantity of fertilisers he requires with the least amount of difficulty.
18	43	If the raw fertilisers can be utilised in the areas around Sindri, the committee would recommend that the Factory or the State Government concerned should open a small local retail store for the benefit of these people.
19	45	Proper care should be taken to render correct advice to the cultivators, in this regard. Proper research as to the suitability of the various fertilisers to the various soils and to the proper methods of their use should be conducted and wide publicity should be given to these matters through the I.C.A.R. Research should be undertaken not only with regard to the use of the chemical fertilisers but also on the use of organic and country-made manure.
20	47	In appointing the Members of the Board of Directors Government should see that the agricultural interests who are ultimately the consumers of the product of the factory are given due representation and that at least one member of the Board of Directors is chosen from such interests.
21	48	The Adibasis form a large part of the local population in the factory area and they should, therefore, along with others be given full opportunities for training and service in the factory. The educational institutes attached to the factory should also as far as possible be open to the children of the people in the neighbourhood including the Adibasis who may not be employees of the factory, as a measure of welfare and the improvement of the community.

APPENDIX II

Statement showing the summary of the conclusions/recommendations of the Estimates Committee relating to the Ministry of Production—The Hindustan Cables Ltd.

Serial No.	Reference to Para No. in the Report	Summary of conclusions/recommendations.
1	2	3
1	55	The various expansion schemes such as the expansion of the armouring shop should be undertaken by the Company itself instead of the work being allotted to the S. T. C. This would save the 6 per cent commission otherwise payable to Messrs. Standard Telephones & Cables Ltd.
2	60	In planning the expansion of the Hindustan Cables Ltd., the need for establishing a foreign market for those goods, specially in the countries in South and South-East Asia should be borne in mind. Government may examine whether the factory can in future undertake three shifts to meet all the requirements.
3	62	Until the engineering industry has developed to such a stage as to be capable of manufacturing these spare parts, it might be desirable to have some agreement with the suppliers of machinery for the supply of spare parts also. To tide over this difficulty it might also be advisable for the Company to check up the capacity of the various engineering works in this country, so that in times of emergency these sources could be mobilised quickly.
4	63	Government should examine as to how far it would be possible for the Hindustan Cables Ltd., to do away with the establishment of a workshop of its own and meet their requirements from the Chittaranjan Locomotive Workshop, which is nearby, and has considerable capacity.
5	65	The Committee understand that valuable copper ores are available in abundance in Rajasthan. Urgent action should be taken by Government for the development of the copper ores with a view to extracting copper of the required degree of purity as a part of the industrial development plan in the Second Five Year Plan.

1	2	3
6	66	A number of raw materials are required during various stages of manufacture of cables and the lack of any one of these will create a break in the chain thus upsetting production totally. As some of these raw materials are imported from abroad, increased efforts should be made by Government to see that all the raw materials required by the factory are produced in the country, and that the factory is not dependent on imports for its requirements.
7	67	As far as possible purchases should be made through the Central purchasing agency of the Government of India. In order to overcome the difficulty of delays on the part of the D. G. S. & D. indenting for stores should be done sufficiently well in advance.
8	68	Consumption of stores should be carefully checked and wastages discouraged. Control should also be exercised over stage-wastages. Checks must be exercised not only by the heads of the various departments but by the Managing Director himself. Regular charts may be maintained so that wastages at any stage may be noticed easily and remedial action taken.
9	69	A procedure should be evolved quickly for the quick removal of manufactured material by the P. & T. Department so that a large locking up of capital by way of non-utilisation of manufactured goods does not continue.
10	69	Strict business principles of sale and purchase should be observed between a Government Department and a State Undertaking, and no indenting should be made for materials unless it is proposed to remove them as quickly as possible, when they are ready for supply. All payments should be made promptly and in cash.
11	71	Construction of buildings, including residential accommodation for the staff, should be undertaken by the Company itself directly instead of through the C.P.W.D. so that effective supervision is exercised thereon and the work is done quickly.
12	72	There are no rented houses available near the factory and the employees have to depend solely on the accommodation provided by the Company. Construction of residential accommodation near the factory should be expedited.
13	72	The Committee would recommend activities like kitchen-garden competitions undertaken by the Sindri Fertilisers Ltd. to the other industrial undertakings under the Ministry of Production as well as other Ministries. The Committee would also urge these undertakings to pay special attention to social welfare of their staff.

1	2	3
14	74	The personnel for the future requirements of the factory should be recruited early and trained thoroughly so that no difficulty is experienced when the expansion actually takes place.
		As the machinery and the know-how are now available in India itself this may be utilised to the fullest extent instead of spending money on foreign training, which may be resorted to only when good reasons exist.
15	75	Candidates with suitable qualifications should be taken first as apprentices and if found satisfactory, absorbed in the factory as technical staff.
16	76	There is a vital need for a good costing organisation. Proper cost accounts should be maintained.
17	77	Standards of output should be laid down for the skilled labour and the technical personnel and a constant efficiency drive carried on to see that these standards are bettered. A reward or prize for better output may also act as an impetus for increased efficiency. It may also be desirable to obtain statistics of output per man hour from the S. T. C's factory in England for the sake of comparison and improvement.

APPENDIX III

Statement showing the Summary of the Conclusions/Recommendations of the Estimates Committee relating to the Ministry of Production—Hindustan Housing Factory Ltd.

Sl. No.	Reference to Para No. in the Report	Summary of Conclusions/Recommendations.
1	83	Action should be taken to expedite disposal of surplus stores of the Government Housing Factory and to close down the establishment at present maintained for their custody, disposal etc.
2	86	The request of the Hindustan Housing Factory for exemption from the payment of depreciation of Rs. 1.4 lakhs per year for the next three to five years until the machinery is put to full use is not justified as according to the terms of the Agreement, M/s. Basakha Singh Wallenberg Ltd. had agreed to utilize all the leased assets of the Government Housing Factory and pay depreciation thereon. This question may be gone into by an expert Committee before acceding to the request if Government propose to do so.
3	87	The finances of the factory are not very sound and the Government should be careful in advancing any further loans asked by the Factory. A Chartered Accountant may be appointed to examine and report on the financial affairs of the Company.
4	88	1. The prestressed pipes are at present being tested at Bombay and the other articles tested at the laboratory of the factory as well as in the C.P.W.D. laboratories. In order to ensure quick and correct assessment these tests may also be carried out in the Building Research Institute, Roorkee. 2. Greater publicity should be given to the products of the factory. Arrangements should be made through the dealers in housing construction goods to exhibit the Housing Factory's products. 3. The Research Laboratory should complete the tests on the light weight reinforcement compartments. 4. After the existing machinery has been fully utilized, the factory should expand and produce more articles. The Committee suggest that a possible line of development is the production of asbestos cement products.

APPENDIX IV

Statement showing the summary of the Conclusions/Recommendations of the Estimates Committee relating to the Ministry of Production—Nahan Foundry Ltd., Nahan.

Sl. No.	Reference to Para No. in the Report	Summary of Conclusions/Recommendations
1	2	3
1	94	<p>The Nahan Foundry is a concern of local importance and should more appropriately be owned by the State Government. As such the possibility of transferring the ownership of the Foundry to the Himachal Pradesh Government on such terms as might be mutually agreed to between the two Governments should be examined.</p> <p>If for any reason, however, the Himachal Pradesh Government are not prepared to take over the Foundry, the Central Government should continue to run the Foundry till such time as alternative occupation is found for those inhabitants of Nahan who are dependent on this Foundry for their living.</p>
3	97	The rate of commission paid to commission agents should be brought down to a more reasonable level.
3	97	In view of the general financial position of the Foundry no large capital investment should be made so long as the new items of manufacture are in the experimental stage.
4	98	The rollers of the Sultan Cane Crusher should be made of a bigger diameter, as the size of the roller directly affects the crushing capacity.
5	98	The Punjab Government should be asked to amend the Octroi rule whereby a machinery could be brought within the limits of a town for repair, without paying the Octroi duty. The present rule works harshly on the hirers of Nahan implements in regard to the service facilities provided by the Foundry.
6	99	The present location of the Nahan Foundry offers scope for employment to the local people and it would result in their being deprived of these facilities if the factory is shifted to Ambala. The Foundry may, for the time being, allowed to continue to function at Nahan.

Sl. No.	Reference to Para No. in the Report	Summary of Conclusions/Recommendations
1	2	3
7	100	Expansion scheme undertaken by the Nahan Foundry should be so arranged that self-contained units of development are set up in Ambala.
8	101	Gratuity rules and labour welfare measures as applicable to other factories should also be made applicable to this Foundry.

APPENDIX V

Estimated Capital Cost of the Sindri Factory

(Estimated cost in lakhs)

	Rs.
1. (a) Ammonia Plant	456·46
(b) Sulphate Plant	248·85
(c) Product Storage & packing	46·49
2. (a) Boiler and Power Plant	386·92
(b) Water Supply and	
(c) Cooling System Sundry Services	264·46
(d) Laboratories, Workshops, Stores etc.	20·69
(e) Railways & Roads	59·42
(f) Land Purchase, Survey and Drainage etc.	53·74
3. Stocks of Materials and Starting Expenses	20·00
4. Housing Estate, Hospital etc.	179·55
5. (a) Services etc. and Sundries	56·54
(b) Contractual Payments to P.G.C. & C.C.C.	262·09
(c) Exploration of Gypsum Deposits in Bikaner & Jodhpur	27·00
(d) Establishment.	91·48
(e) Department charges @ 17½% Leviable by C.P.W.D., Bihar P.H.D. Etc.	78·56
(f) Tools, Plant and Contractors Plant	17·13
(g) Plant and Machinery spares	32·52
(h) Maintenance and Running Expenses during Construction less Receipts and Recoveries	17·48
TOTAL	2299·38
	or
	<u>2300·00</u>

CAPITAL AND LIABILITIES		As at 31st March 1953:	
	Rs.	Rs.	Rs.
CAPITAL :			
Authorised—			
3,00,000 Shares of Rs. 1,000/- each .	30,00,00,000	..	
Issued subscribed and paid up—			
1,70,000 Shares of Rs. 1,000/- each issued as fully paid pursuant to letter No. Fy-4 (165) dated 26/27th Dec., 1951 from the Government of India, Ministry of Works, Production and Supply, without payment being received in cash .		17,00,00,000	17,00,00,000
LOANS :			
From Government of India secured by a floating charge on all the assets of the Company (including Rs. 1,75,21,254/- interest on Capital during construction period) .		6,67,14,357	7,49,57,711
Cash Credit with Imperial Bank of India secured by the hypothecation of stocks, stores & book debts of the Company .	..	1,06,79,305	
CAPITAL RESERVE :			
Premium on lease of land .		1,86,990	
RESERVE FOR BAD AND DOUBTFUL DEBTS :			
As per last Balance Sheet	13,000	.	
Provision made during the year .	1,87,000	2,00,000	13,000
RESERVE FOR REPAIRS & RENEWALS :			
As per last Balance Sheet .	48,52,821	..	..
Provision made during the year .	52,71,202	1,01,24,023	48,52,821
PROVISION FOR DEPRECIATION :			
As per last Balance Sheet .	1,60,43,182	..	..
Provision made during the year .	1,68,81,404	..	..
	3,29,24,586		..
Less : Depreciation on discarded assets utilized for writing off .	1,70,111	3,27,54,475	1,60,43,182
Carried over		29,06,59,150	26,58,66,714

DIX VI

Chemicals Ltd.

31st March, 1954

PROPERTY AND ASSETS			As at 31st March 1953.
	Rs.	Rs.	Rs.
FIXED CAPITAL EXPENDITURE—(At Cost)—			
(Details as per schedule) Gross Block	..	22,82,99,086	20,67,82,716
CAPITAL WORK IN PROGRESS :			
Coke Ovens Project.	1,92,96,019	..	82,84,431
Others	30,81,544	..	8,31,484
		2,23,77,563	91,15,915
TRANSPORT VEHICLES :			
As per last Balance Sheet	9,03,296	..	..
Additions during the year	11,236	..	..
	9,14,532	..	..
Deductions	2,04,671	7,09,861	9,03,296
DEVELOPMENT EXPENDITURE :			
As per last Balance Sheet	87,00,000	..	..
Less: Adjustments	5,68,704	..	..
	81,31,296	..	..
Less : Amount written off	42,31,296	..	..
		39 00 000	87,00,000
STORES SPARE PARTS & PACKING MATERIALS—(At Cost)—			
(As per inventories valued and certified by the Managing Director)	..	1,32,95,301	98,02,405
STOCK IN TRADE :			
(As per inventories valued and certified by the Managing Director)			
Raw Materials (At Cost)	43,89,799	..	63,40,588
Semi-finished goods (At Cost)	5,909	..	85,483
Finished goods (At Cost)	1,21,78,229	..	1,43,17,711
Finished goods (At Contract price)	..	..	18,00,000
	1,65,73,937	..	2,25,44,782
Raw Materials in transit	57,747	..	83,397
	..	1,66,31,684*	2,26,28,179
BOOK DEBTS:			
Secured considered good	..	..	74,40,772
Unsecured considered good :—			
(a) Government Depts.	1,37,78,524	..	47,79,676
(b) Others	4,33,457	..	4,84,404
Considered doubtful	1,77,694	..	13,000
	..	1,43,89,675	1,27,17,852
Carried over		29,96,03,170	27,06,50,363

		Rs.	As at 31st March 1953.
	Brought forward	29,06,59,150	Rs. 26,58,66,714
LIABILITIES :	Rs.		
(a) Goods Supplied	66,85,311		1,03,36,455
(b) Expenses	64,08,065		38,52,216
(c) Wages & Salaries	8,25,343		11,69,387
(d) Other Finance	18,01,196		55,55,558
(e) Sundry Accounts including unadjusted credits	11,84,532	..	6,28,253
		1,69,04,447	2,15,41,869
 PROFIT AND LOSS ACCOUNT :			
 Balance as per appropriation Account		6,16,728	95,883
 CONTINGENT LIABILITIES :			
Rs. 54,265/- in respect of sales tax on pur- chases.			
		30,81,80,325	28,75,04,466

Note.—Reference is invited to Paragraph 5 of the Directors report regarding excesses and shortages in stock.

As per our report annexed.

Sd/- N. M. RAIJI & CO.,
Chartered Accountants.

NEW DELHI,
7th September, 1954.

and Chemicals Ltd.

at 31st March, 1954—Contd.

		Rs.	As at 31st March 1953.
	Brought forward	29,96,03,170	Rs. 27,06,50,363
ADVANCES :	Rs.		
Against Expenses	1,09,558	..	24,179
Against Goods	14,91,124	..	12,82,008
Deposits with Govt. Departments includ- ing Railways	56,83,678	..	75,29,596
To Employees	2,12,125	..	1,94,289
Loan to Bikaner Gypsums Limited	2,10,044	..	3,09,953
Sundry Advances	16,532	..	33,525
		77,23,061	
CASH AND OTHER BALANCES :			93,73,550
Cash in hand	6,49,217		5,49,745
Cash in Cash Credit Account with :			
Imperial Bank of India, Calcutta			39,44,565
Imperial Bank of India, Dhanbad			28,66,001
—			
Cash in Current Account with :			
Bank of Bikaner-Jodhpur	21,017	..	32,400
		6,70,234	
	..	..	73,92,711
ASSETS EARMARKED AGAINST EMPLOYEES' ACCOUNTS :			
Deposits of Employees in special account with the Imperial Bank of India, Dhan- bad . . . . .	..	1,83,860	87,842
	..	30,81,80,325	28,75,04,466

Sd. S. S. Khera
Sd. B. C. Mukharji
Sd. K. R. P. Aiyangar
Sd. Shri Ram
Sd. Narayan Mahtha
Sd. S. R. Vasavada
Sd. P. C. Bhattacharyya
Sd. M. K. Mathulla

Chairman
Director
Director
Director
Director
Director
Managing Director

Dr.

Profit and loss account for

	Rs.	Rs.	For the 14 mths. ended 31-3-53. Rs.
To Stock on hand 1st April 1953—			
Raw Materials	63,40,588		1,08,59,242
Stores and Spare Parts	93,03,853		82,01,240
Finished and Semi-finished goods	1,62,04,194		41,09,053
Packing materials	4,98,552		2,93,232
		3,23,47,187	2,34,62,767
„ Purchases—			
Raw Materials	83,68,679		96,09,973
Stores and Spare Parts	81,34,359		61,37,586
Packing Materials	38,99,580		31,35,429
Miscellaneous goods	2,15,058		2,32,164
		2,06,17,676	1,91,15,152
„ Wages and Salaries (including Rs. 37,278/- paid to the Managing Director)		96,95,803	96,89,876
„ Compensation for death and accident		4,397	14,061
„ Provision for Co.'s contribution to Provi- dent Fund to be registered and interest there- on (including Rs. 4,48,658/- relating to past period)			
„ Railway Freight		9,52,136	37,606
„ Handling Charges		1,30,70,484	1,11,52,147
„ Rent Royalties and Taxes		2,10,050	1,47,827
„ Miscellaneous Expenses		1,53,571	1,42,918
		16,93,068	15,74,546
		7,93,44,372	6,83,36,900
Less : Expenditure included in the above transferred to Capital Accounts		16,40,009	3,64,174
„ Audit Fees (including Rs. 26,497/- for Government Audit)		7,77,04,363	6,79,72,726
„ Director's fees and allowances		36,497	23,137
„ Bad debts written off		8,225	12,137
„ Reserve for Bad and Doubtful Debts		3,979	922
„ Interest on cash credit		1,87,000	13,000
„ Interest on loan from Government of India (including Rs. 9,06,585/- relating to past period)		29,207	655
„ Obsolescence on discarded assets (in- cluding net loss of Rs. 81,593/- on discar- ded assets sold)		46,42,053	35,16,414
„ Depreciation		5,98,587	71,969
„ Depreciation in respect of past period		1,54,91,503	1,60,43,182
„ Reserve for Repairs and Renewals	98,87,056	13,89,901	87,36,980
Less : Expenditure included under respec- tive heads above	46,15,854		38,84,159
		52,71,202	48,52,821
„ Balance carried to Appropriation Account		47,52,141	27,32,429
		11,01,14,658	9,52,39,385

and Chemicals Ltd.

the year ended 31st March, 1954.

Cr.

	Rs.	Ra.	For the 14 mths. ended 31-3-53. Rs.
By Sale of Products	7,91,98,058		6,45,27,878
Less : Contribution to the Central Fertilizer pool of the Government of India	13,22,653		47,25,046
„ Sale of Miscellaneous goods and Stores		7,78,75,405 77,407	5,98,02,832 1,38,095
„ Income from other sources Sale of power to Damodar Valley Corpora- tion	15,93,828		22,03,685
„ Rent, Water, Electricity, Furniture Hire, etc. Income from Miscellaneous sources	4,88,074 1,58,327		5,15,767 96,011
Interest Receivable	52,379		1,35,808
„ Stocks on hand on 31st March 1954		22,92,608	29,51,271
Raw Materials	43,89,799		63,40,588
Stores and Spare Parts	1,21,20,918		93,03,853
Finished and Semi-finished goods	1,21,84,138		1,62,04,194
Packing Materials	11,74,383		4,98,552
		2,98,69,238	3,23,47,187
		11,01,14,658	9,52,39,385

Sindri Fertiliser

Dr.

Appropriation

	Rs.	As at 31st March 1953. Rs.
To Development Expenditure written off .	42,31,296	26,36,546
„ Balance carried forward . .	6,16,728	95,889
	48,48,024	27,32,429

As per our report annexed.

Sd. N. M. RAIJI & CO.,
*Chartered Accountants.*NEW DELHI,
7th September, 1954.

and Chemicals Ltd.

Account as at 31st March 1954.

Cr.

	Rs.	As at 31st March, 1953. Rs.
By Balance as per Last Year's Account	95,883	
„ Balance brought forward from Profit and Loss Account this year	47,52,141	27,32,429
	48,48,024	27,32,429

Sd. S. S. Khara	Chairman
Sd. B. C. Mukharji	Director
Sd. K. R. P. Aiyangar	Director
Sd. Shri Ram	Director
Sd. Sri Narayan Mahtha	Director
Sd. S. R. Vasavada	Director
Sd. P. C. Bhattacharyya	Director
Sd. M. K. Mathulla	Managing Director

APPENDIX VII

HINDUSTAN CABLES LIMITED

Balance Sheet as at 31st March, 1954.

	Rs.	Rs.	Rs.	Rs.
<i>Authorised Capital</i> 30,000 Ordinary Shares of Rs. 1,000/- each				
<i>Issued, Subscribed and Paid-up Capital.</i> 5,930 Ordinary Shares of Rs. 1,000/- each Fully Paid-up in Cash.		3,00,00,000 0 0	<i>Fixed Capital Expenditure</i> At cost less Depreciation (details as per schedule attached)	64,33,031 9 0
<i>Deposit Against Shares</i> <i>Advance</i> As per last A/c Less Issue of 930 Shares of Rs. 1,000/- each in the name of the President of India.	9,30,924 2 6 9,30,000 0 0	59,30,000 0 0 25,00,000 0 0 924 2 6	<i>Preliminary Expenses</i> <i>Stock & Work-in-Progress</i> (at cost—as certified by the General Manager) Raw Materials & Incidental Raw Materials. Work-in-Progress Miscellaneous Construction materials	1136 0 0 6,84,920 1 6 52,494 12 0 40,301 10 0 7,77,716 7 6
<i>General Provident Fund A/c.</i> <i>Contributory Provident Fund</i> Employees' Contribution Provision for Company's Contribution (subject to approval by the Board of Directors).	1,494 0 0 1,494 0 0	4,579 0 0 2,988 0 0	<i>Advances & Deposits.</i> With D.A.G., I. & S., and D.G.I. S.D., London Less Provisional prices adjusted against goods supplied for which final bills are still awaited. Book Debts & Sundry Deposits Security Deposit with Bank.	15,57,782 12 0 8,41,814 10 6 7,15,968 1 6 5,067 2 9 1,000 0 0 7,22,035 4 3
		c/o Rs. 84,38,491 2 6		c/o Rs. 79,33,919 4 9

[illegible]

We have to report that we have audited the Balance Sheet of Hindustan Cables Ltd., dated 31st March, 1954, as above set forth and the attached Profit and Loss and Deferred Revenue Accounts for the year ending 31st March, 1954 with the books and accounts and have obtained all the information and explanations we have required. In our opinion, such Balance Sheet and Profit & Loss and Deferred Revenue Accounts are drawn up in conformity with the law and the Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company. In our opinion the books of account have been kept as required by Law.

Church Lane, Calcutta the 28th June 1954.

**Sd/- RAY & RAY, Chartered Accountant
Auditors.**

HINDUSTAN CABLES LIMITED

Deferred Revenue Account for the year ended 31st March, 1954.

	Rs.	Rs.	Rs.	Rs.
Purchases				
1. (a) Raw Materials and Incidental Raw Materials		7,39,458	8	6
(b) Miscellaneous Construction Materials	1,62,350	4	0	
2. Salaries and Wages	1,64,803	4	0	
3. Miscellaneous Expenses.	22,832	6	9	
	3,49,588	14	9	
Less : Part of Expenditure included in the above transferred to Capital and other Accounts	1,64,612	9	0	1,84,976
4. Directors' Fees & Travelling Allowance				5
5. Audit Expenses		2,140	3	0
6. Travelling & Conveyance		763	6	0
7. Printing & Stationery		8,900	7	0
8. Postage, Telegrams & Telephones		5,918	9	9
9. Insurance		4,177	8	0
10. Rent, Rates & Taxes		8,068	12	0
11. Training of Personnel		5,860	3	0
12. Consultants' Fees		2,737	2	0
13. Provision for proposed Employers' Contribution to Provident Fund		66,785	14	0
14. Exhibition expenses		1,494	0	0
15. Depreciation		16,935	10	6
		54,018	9	9
TOTAL Rs.	11,02,235	2	3	
				TOTAL Rs. 11,02,235
				2
				3

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Work in Progress.
Miscellaneous Receipts.
Balance carried to Balance Sheet.

52,494 12 0
12,031 13 0
3,12,486 13 9

NAHAN FOUNDRY LIMITED, NAHAN

Profit and Loss Accounts for the period from 1-4-53 to 31-3-54.

Som Datta
Accountant.

Ram Chand
Manager.

Rameshwar Sharma
Senior Auditor.

Gandharv Sain,
General Manager.

C. D. Saklani
Examiner O.A.D.