

**ESTIMATES COMMITTEE
1960-61**

HUNDRED AND TWENTY-SECOND REPORT

(SECOND LOK SABHA)

MINISTRY OF COMMERCE AND INDUSTRY

(National Industrial Development Corporation Ltd.)



**LOK SABHA SECRETARIAT
NEW DELHI-1**

March, 1961
Chaitra 1883 (S)

Price : 0.50 nP.

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32. The International
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33. The International
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34. Minerva Book Shop,
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CORRIGENDA

to

The Hundred and Twenty-second Report of
Estimates Committee on the Ministry of
Commerce and Industry - National Industrial
Development Corporation Ltd.

Page 6, marginal Heading, line 1: *read 'drawings'*
for 'dirawings'

Page 10, Statement under para 26; item 2 Col. 3:
read '184' for '184.80'

Page 29, item 5, Col. 7, line 4: *read '37.2 lakhs'*
for '37,2 lakhs'

Page 33, item 6, Col. 2: *read 'carbide' for*
'carbine'

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1960-61

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Shri A. K. Ray—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

*Elected with effect from 25th November, 1960 *vice* Shri Dinesh Singh resigned.

INTRODUCTION

I, the Chairman, Estimates Committee having been authorised by the Committee to submit the Report on their behalf present this Hundred and Twenty-second Report on the Ministry of Commerce and Industry—National Industrial Development Corporation Ltd.

2. The Committee wish to express their thanks to the Secretary and other officers of the Ministry of Commerce and Industry for placing before them the material and information that they wanted in connection with the examination of the estimates.

NEW DELHI;

The 27th March, 1961.

Chaitra 6, 1883 (Saka).

H. C. DASAPPA,

Chairman,

Estimates Committee.

INTRODUCTION

The National Industrial Development Corporation Limited (hereinafter referred to as the N.I.D.C.) was set up in October, 1954 by the Government of India for the promotion and development of industries in the country, particularly those which are necessary to fill the gaps in the industrial structure. The Corporation has been conceived mainly as an instrument of Government for securing a balanced and integrated development of industries both in the private and public sectors. Its functions are to promote, establish and execute industries, projects or enterprises for the manufacture and production of plants, machinery, tools etc. and for that purpose prepare and get prepared project Reports, blue prints etc. as well as establish companies or associations for the prosecution or execution of industrial undertakings.

2. The N.I.D.C. is also used as an agency for the grant of special loans for the modernisation and rehabilitation of the Jute and Cotton Textile industries. Recently, Government has been utilising the N.I.D.C. as an agency to advance loans to the Machine Tool industry for its expansion.

Agency for grant of loans by N.I.D.C. to Jute, Cotton Textile and Machine Tool Industries.

3. Subject to the previous approval of Government, the N.I.D.C. plans and formulates new projects whether for setting up new industries or for developing new lines of production. The N.I.D.C. makes use of the resources and experience of Government departments and also private industry in making studies of the projects entrusted to it for investigation and also engages necessary specialists or consultants.

Setting up of new industries.

4. The N.I.D.C. carries out preliminary investigations and after the general economics of the plant are established, the matter is reported by it to the Government for conducting negotiations with the selected foreign collaborators for assistance in the establishment of the plant. After the terms of collaboration etc. are finalised, necessary contracts/agreements are finalised and executed by the Government. Once the project reaches the actual stage of implementation, Government takes a decision regarding the agency

Formulation of Project Reports.

which would implement the project ultimately. Summing up the functions of the N.I.D.C., Government has explained that the N.I.D.C. is an agency that they are employing for the preparation of these projects, especially where the projects are of such a nature that they require intensive capital employment and yield a comparatively lower rate of return and are not considered so attractive by private agencies.

II

A. Organisational Set-up

5. In setting up the N.I.D.C., it was Government's intention to provide a flexible agency to help the promotion and development of industries with the possibility of securing fuller co-operation of leading industrialists in the country than operation through departmental channels would provide.

N.I.D.C. to provide a flexible agency for industrial development.

6. The composition of the Board of Directors of the N.I.D.C. is given in Appendix I. It would be observed that the Chairman and Vice-Chairman of the N.I.D.C. are the Minister for Commerce and Industry and Minister for Industries, respectively. The representative of the Ministry informed the Committee that though generally Ministers did not preside over public Corporations, an exception was made in this case as the more important of the N.I.D.C.'s function was development and not the running of an industrial unit or a trading activity. The question whether such an arrangement should continue was stated to have been taken up for consideration on many occasions but the Ministry could not come to any conclusion. The Committee were told that there were certain advantages in having Ministers on the N.I.D.C. as it helped to attract the leading captains of industry to function on the Board of Directors of the Corporation.

Ministers as Chairman and Vice-Chairman of the N.I.D.C.

7. Whatever advantages may be claimed for having Ministers as the Chairman and the Vice-Chairman of the N.I.D.C. the disadvantages of such an arrangement have also to be taken into account. The autonomous concept of a public undertaking and its freedom from direct Ministerial control require that the undertaking should be left free to fulfil its objectives in its own way within the broad framework and policy laid down. Its success, or otherwise, is to be judged by its performance for which it is answerable to the Minister and through the Minister to Parliament. If the Minister functions as its Chairman, the autonomous character normally contemplated can hardly continue. Nor is it possible for the Minister to call the undertaking to account for its performance. The relationship that should subsist between the undertaking and the Government is also likely to be affected for a proposal emanating from the undertaking presided over by a Minister cannot be expected to be examined with the required degree of objectiveness by the Administrative

Desirability of the present arrangement examined.

Ministry presided over by the same Minister. The balance of advantage would, therefore, clearly appear to lie in the Minister not functioning as the Chairman of the undertaking. The practice in other countries, whether having Parliamentary Democracy or otherwise too, is against such an arrangement.*

8. *In this context the Committee may refer to their earlier recommendation in para 10 of the Twenty-Second Report (Second Lok Sabha) on the Oil and Natural Gas Commission and its reiteration in para 3 of their Hundred and Third Report (Second Lok Sabha) on the same subject wherein they have pointed out that the arrangement under which the Minister functions as a Chairman of an autonomous public undertaking is not quite satisfactory. The Committee suggest that the present arrangement under which the Ministers are functioning as Chairman and Vice-Chairman of the N.I.D.C. may be reconsidered in the light of the reasons given above.*

B. Technological Consultancy Bureau

Functions of
the Bureau.

9. The Committee understand that the N.I.D.C. plans to establish a Technological Consultancy Bureau for serving various projects which are under study or in process of implementation. This Bureau will have a staff of engineers and specialists in various fields and will progressively widen the scope of services in those fields where consultants have at present to be engaged.

10. The Committee were informed during evidence that the Bureau was in a formative stage and at present functioned under the charge of a part-time Chief Consultant. Efforts were being made to recruit the technical staff particularly for design work. In reply to a question, it was stated that the functions of the Bureau would not overlap with that of the Development Wing. It was proposed to levy a charge for the services rendered by the Bureau to the Industries whether in public or private sectors. The estimated cost of the Bureau annually was Rs. 8,40,000 and no assessment was so far stated to have been made about the non-recurring expenditure involved.

*"An important question is whether the supervising Minister or his representative should himself be part of the management of the Corporation. Generally the answer to this question is in the negative. On this point countries whose legal and political systems are otherwise as divergent as those of Britain, Germany, France, the U.S.S.R., the United States, India, Italy and Australia are unanimous. It is significant that in Germany where formerly the General Manager of the Railway was also Minister of Transport, there is now a clear separation. The Minister of Transport has considerable powers of supervision but he is emphatically not a part of the management. The Postal Services, on the other hand, have remained under the direction of a Minister."

(The Public Corporation—W. Friedmann, pp. 561-62:†)

11. The Committee note that a large number of industrial establishments in the public sector viz. Hindustan Aircraft Ltd., Indian Telephone Industries Ltd., Hindustan Machine Tools, Hindustan Anti-Biotics Ltd., Bharat Electronics, Hindustan Steel, etc. had by now been equipped to specialise in their respective Branches of Engineering, Technology, Designing and know-how. *It appears to the Committee that such a Bureau would duplicate, at least to some extent, the functions of other bodies.* There is also the Development Wing of the Ministry of Commerce and Industry which acts as a technical consultant of the Government of India as a whole in matters relating to industrial development and is entrusted with the task of fostering of various indigenous industries in a co-ordinated way. The question, therefore, arises whether there is any necessity to establish a separate Consultancy Bureau as proposed which would duplicate at least to some extent the existing facilities as set out above.

Existing facilities—
Question about necessity of such a Bureau.

12. Consultancy as understood in the modern developed countries is not in developing one big Bureau with a staff of engineers and specialists in various fields as is proposed to be done by the N.I.D.C. It is mostly in specific fields and then drawing on the specialised knowledge of a number of other consultants for purposes of coordination. The proposed bureau does not purport to take up such a coordination. On the other hand its idea is to have a staff of engineers and specialists in various fields and to progressively widen its scope of services in those fields where consultants have at present to be engaged.

Proposal to have one big bureau to cover all fields.

13. Asked whether it could be possible for the Bureau to cover the various fields of engineering, mechanical, electrical, public health etc., the representative of the Ministry agreed that the Bureau could not be completely self-contained and they may have to specialise in particular fields. What they were attempting was to make a beginning in the Third Plan.

Specialisation in particular fields may be necessary.

14. Another aspect to be considered is whether in the present state of limited technological talent in the country any such project as contemplated will not result in depleting the talent that is at present engaged in the different fields. Already it is seen that very often retired technical men are drawn upon to man many of the public and private undertakings. *The result of attempting a Bureau as contemplated would probably be again to draw on such retired technical personnel.*

Proposed functions likely to deplete available talent may result in employment of retired personnel.

15. When questioned as to what consultancy they were thinking of, the representative of the Ministry stated

At present only to prepare

drawings of that at present they contemplated the setting up of an organisation of designers of industrial buildings and structures to be followed later on by mechanical and electrical engineering and public health consultancy. So far as designing of industrial buildings and structures are concerned, the representative of the N.I.D.C. stated that the lay-out and the floor plans would be given by the foreign collaborators and the detailed design of the actual building will be undertaken by the Technical Consultancy Bureau. If this is the idea, it is a job which many other technical bodies within and outside the public sector could do as well.

Need for a scientific investigation for setting up the Bureau.

16. *The Committee were somewhat surprised to learn that in setting up a Bureau of such importance with a potentiality to grow very big, the N.I.D.C. had not subjected the scheme to any scientific examination and to obtain a report. The representative of the Ministry agreed that it called for a more scientific investigation and planning. The Committee suggest that such a Bureau is too important to be launched without a proper, detailed scientific investigation by fully competent hands and hope that before setting up the Technological Consultancy Bureau such an investigation will be made and a comprehensive report obtained on the various aspects of the project which among others should include the technical possibilities, the scope and nature, the personnel required and availability, the cost and its economics etc. They also suggest that the project report may be published before its adoption.*

III

A. Loans to Textile, Jute and Machine Tools industries

17. The N.I.D.C. has been entrusted with the grant of loans for the modernisation and rehabilitation of the Jute and Cotton Textile industries and to Machine Tool industry for the purpose of installing balancing plant and equipment and otherwise expansion of production of light and medium-sized Machine tools of general application. Only joint stock companies registered under the Companies, Act, whether as private or public limited concerns, are eligible for assistance from the N.I.D.C. The loans are secured by a mortgage deed, of all the existing and future fixed assets of the applicant companies. Where, however, there is already a charge on existing assets (old block of the company), the case is examined on its merits and the N.I.D.C. may insist on a charge ranking *pari-passu* with the existing charge or accept a second charge.

Loans for modernisation and rehabilitation of three industries.

18. The statements showing the number of loan applications received, sanctioned, rejected and pending during the years 1958, 1959 and 1960 under the long term assistance are given below:—

Long term assistance loans.

Year	Number of applications				
	Received during the year	Sanctioned during the year	Rejected during the year	Withdrawal during the year	Net pendency as on 31-12-60
JUTE MILLS					
Prior to 1958 . . .	31	11	4	7	..
1958-60 . . .	31	26	4	4	..
TOTAL . . .	62	37	8	11	6
COTTON TEXTILE MILLS					
Prior to 1958 . . .	58	4	7	5	..
1958-60 . . .	69	41	18	28	..
TOTAL . . .	127	45	25	33	24
MACHINE TOOLS					
1960 . . .	4	2	2

Loans
advanced.

19. The amount of Loans advanced to the Jute and Cotton Textile Mills upto 31st December, 1960 under the long term Scheme is indicated below:

(1) Cotton Textile Mills	..	Rs. 2,38,89,833
(2) Jute Mills	..	Rs. 3,63,14,615

No amount is stated to have so far been disbursed to the Machine Tool Units which have been sanctioned loans as the mortgage deeds and the connected legal formalities have not yet been completed.

Cheaper rate
of interest
charged by
N.I.D.C.

20. The Committee understand that assistance rendered by the N.I.D.C. carried a comparatively cheaper rate of interest as compared to the interest charged by the Industrial Finance Corporation and other lending institutions. Till recently, the N.I.D.C. was charging interest on loans at the rate of 5 per cent *per annum*. The rate has recently been increased to 6 per cent *per annum*. This rate of interest would apply to loans sanctioned hereafter. The Industrial Finance Corporation charges interest at the rate of 6½ per cent *per annum*. The Industrial Finance Corporation does not accept a second charge, while the N.I.D.C. has decided to accept such a charge under certain circumstances. There were also likely to be legal doubts as to the competency of the Industrial Finance Corporation to take up these projects which were mainly rehabilitation projects. The Industrial Finance Corporation assisted only a new unit or for the expansion of a unit.

Share capital
of N.I.D.C.

21. Government investment in the N.I.D.C. as on 31-12-1958 is as follows:

(In lakhs of Rs.)

Share Capital (as subscribed)	10
Loans	256
	<hr/>
	266
	<hr/>

The Committee note that the expenses of the N.I.D.C. have consistently been higher than its earnings and the difference is borne by the Government by

way of grants. Since its inception, Government paid the following amount of grants to the N.I.D.C.

	Rs.
1955	.. 48,745
1956	.. 8,67,419
1957	.. 5,51,339
1958	.. 8,03,907

22. Apart from the examination of the projects which have yet to be completed, the N.I.D.C. has been functioning primarily as a lending body for the grant of loans to the Cotton Textile, Jute and Machine Tool Industries at comparatively cheaper rates of interest as noted above. The N.I.D.C. is charging the same rate of interest from the industrial units as it pays to the Government. The N.I.D.C. has been charged with the task of finding finance for the modernisation and rehabilitation of Jute and Cotton Textile Mills—and that for these two only—when the other financing Corporations like I.F.C., I.C. & I.C., State Finance Corporations could perhaps have been utilized for the purpose as well.

N.I.D.C. a
lending
agency.

23. *Considering the present financial structure of the N.I.D.C. it appears that there is no prospect of the Corporation keeping down even its costs in the near future. It would perhaps be more appropriate, if the present field of activity of the N.I.D.C. as a lending agency were transferred to the Industrial Finance Corporation or any other such agency whose operations may not result in losses entailing grants by way of subsidy.*

B. Loans to Industries whose Directors are on the Board of Directors of the N.I.D.C.

24. At the instance of the Committee, the Ministry of Commerce and Industry furnished to them a list of the Companies for Jute, Cotton textile and Machine tool industries which had been sanctioned loans by the N.I.D.C. (Appendix II).

25. The Committee note that the procedure for the grant of loan as adopted by the N.I.D.C. and its Articles of Association do not debar the concerns with which the Directors of the N.I.D.C. are in any way connected from obtaining loans from the N.I.D.C. However, as required under Section 299(3) of the Companies Act, 1956, the Directors of the N.I.D.C. are required to disclose to the N.I.D.C. their interest in the various mill companies.

Non-participation of Directors in the discussion of loan applications of companies with which they are connected.

In case if any one of them happens to be interested in an applicant company, as a rule, he does not participate in the discussion on the particular application at the meeting of the Board of Directors of the N.I.D.C.

26. The contracts entered into with the mill companies, in which the Directors are interested are specifically approved by the Board of Directors of the N.I.D.C. as required under the Companies Act, 1956. The following table shows the portion of the loans sanctioned by the N.I.D.C. that has gone to the companies with which its Directors were directly or indirectly associated.

(As on 31-12-1960)			
			(Rs. lakhs)
	Jute Mills	Cotton Textile Mills	Total
1. Total amount sanctioned .	682.69	1278.06	1960.75
2. Amount sanctioned to the Mill Companies in which Directors of N.I.D.C. were interested	184.80	200	385.80
3. Percentage of Item No. 2 to Item No. 1	27.2%	15.7%	19.7%
4. Total amount paid . . .	363.14	238.89	602.03

27. On a perusal of the list of loanees, the Committee consider that however justifiable and unexceptional these loans may have been, there are among them parties who could perhaps have raised the necessary resources on their own without the special aid from N.I.D.C. and that the funds that have now been given to them could have been preferably made available to other parties whose position to raise such loans by other means is not equally strong.

IV

Progress of Projects Undertaken by N.I.D.C.

28. A statement showing the details of the various projects undertaken and processed by the N.I.D.C. and their probable yield on investment, cost so far incurred on project reports, drawings etc. is given in Appendix III.

Projects undertaken and processed by the N.I.D.C.

29. The Committee observe that an experimental project for manufacture of Sulphur from Pyrites was initiated in the year 1955 but so far only pilot experiments are being conducted abroad. The Committee were informed by the representative of the Ministry that 600 tons of pyrites were despatched to Norway for tests to be conducted at the works of Messrs. Orklas. The two-man delegation which went to Norway returned in December, 1960, made a joint report recommending a further despatch of 2,000 tons of pyrites to Norway as the earlier tests carried out were inconclusive. The question of further despatch of pyrites was stated to be under consideration. *The Committee feel that the processing of this project has been unduly delayed and the progress rather tardy.*

Sulphur from Pyrites.

30. The Committee observe that the project for the manufacture of newsprint from bagasse was initiated by the N.I.D.C. in 1956. The N.I.D.C., it is understood, is continuing its studies on the project which might be assigned to the private sector for implementation after its technical feasibility and economic aspect have been considered. The assistance of the West German Government has been enlisted for the loan of the services of an expert to carry out further technical studies in this process. *This project too has not made much headway during last four years.*

Manufacture of newsprint from bagasse.

31. With regard to the Heavy Structural Fabrication Works and the Heavy Plate Vessels Works, the Committee were informed that the project reports were received from a British Firm. But they were based on the concept of production of heavy structurals as well as plate and vessels as it existed in 1956. The implementation of these projects necessitated certain modifications now, which would be undertaken and finalised on the arrival in India of the representatives of the British collaborating firms.

Heavy Structural Fabrication Works & Heavy Plate Vessels Works.

32. *The Committee trust that these projects which have got a very important bearing on the setting up of heavy industries in the country would be finalized before long.*

Ophthalmic
Glass Pro-
ject.

33. The Committee observe that the Ophthalmic Glass project which is to be set up by utilising a portion of 500 million Roubles credit from the U.S.S.R. has been transferred to the Heavy Engineering Corporation. This project is to be located at Durgapur where the Coal Mining Machinery project is also being set up. This arrangement would ensure better co-ordination of the credit from the U.S.S.R. and effect economy in the preparation of the site, lay-out etc. for the two projects at Durgapur.

34. *The Committee find it difficult to appreciate the reasons for entrusting ophthalmic glass project to the Heavy Engineering Corporation and feel that it could perhaps have been as well entrusted to the National Instruments Factory which is already in the line.*

Recovery of
development
expenditure
on Projects.

35. The Committee were informed that all expenditure in respect of staff exclusively engaged on a project and other direct expenditure thereon was debited to the project concerned. In cases where the projects were transferred to the entrepreneurs in the private sector for execution, the developmental charges were not recovered from the parties. It was also explained that while the N.I.D.C. was processing these projects, some parties in the private sector were also simultaneously pursuing the same line of investigations and, therefore, they could not recover the expenditure incurred on those projects as they could not clearly say that a particular party benefited by the work done by the N.I.D.C.

36. *The Committee are of the opinion that whenever a project processed by the N.I.D.C. reaches a final stage and is passed on to other parties in the private sector, a reasonable portion of the developmental expenditure should be recovered from the parties concerned. They do not think that any entrepreneur will be reluctant to pay for the services.*

Selection of
Industria-
lists to take
up projects.

37. The Committee desired to know the procedure followed in selecting the private sector parties, that is, whether the N.I.D.C. advertised their proved projects or the parties themselves came voluntarily. It was stated in evidence that in a number of cases the N.I.D.C. did not advertise in the newspapers but circularised to the State Governments. *The Committee suggest that full publicity should be given whenever it is considered necessary to hand over the execution of a project initially sponsored by the N.I.D.C. to any parties in the private sector.*

38. The Committee observe that there has been a considerable delay in the presentation of the Annual Report of the N.I.D.C. The Report for the year ending 31st December, 1958 was presented on 31st March, 1960, that is after 15 months. *The Committee are critical of such delays which not only result in the violation of the provisions of the Companies Act but also deprive the Parliament of their right to be posted with the financial result of the working of a Government Company in time.*

39. The Committee were informed by the representative of the Ministry that the N.I.D.C. had not drawn up a comprehensive blueprint as to what the balanced or an integrated growth of industries should be in the public and private sectors. It had also not drawn up any list of industries which need to be established. As industrialisation proceeded and as fresh gaps came to light, the N.I.D.C. would take up those gaps and fill them up.

Delay in presentation of annual reports.

Blueprint for Industrial development.

Conclusions

40. It is clear from the preceding paragraphs that the N.I.D.C. is yet far from achieving one of the two main tasks assigned to it viz., economic and technical investigation of industrial projects with a view to their implementation either by N.I.D.C. or by Government or any other approved agency. So far, it has acted more as a financing than as a developing agency. This as already pointed out is a function which could as well be entrusted to some other financing agency.

41. *The N.I.D.C. is stated to have been conceived mainly as an instrument of Government for securing a balanced and integrated development of industries both in the private and public sectors. The question arises whether, when Government has been able to launch big undertakings like Hindustan Steel, Indian Telephone Industries, Hindustan Machine Tools, Bharat Electronics Ltd., etc., the N.I.D.C. could do anything more or different than what has been done without it. The N.I.D.C. is not even in a position to watch the various industrial licences issued to private sector as that is not its functions. So far as steel, Oil and Mines and Communications etc. are concerned they are with different Ministries. The N.I.D.C. purports mainly to process certain industries referred to it by the Ministry of Commerce and Industry. What is more, the N.I.D.C. has not even the necessary technical staff and it has to depend generally on the Development Wing to assist it or to engage on an ad hoc basis technical advisers for specific projects. It is only when the preliminary project studies are received from foreign firms whose assistance is sought by Government that the N.I.D.C. examines them in detail in consultation with the Ministries concerned. It seems therefore that the idea of N.I.D.C. being an instrument for securing a balanced and integrated development of industries in the private and public sector is a little over-statement.*

42. *The Committee are of opinion that if divested of its function as a financing agency which seems to be its main work now as recommended by them, very little of the*

other function of development of industries remains which cannot be equally well discharged by the agencies already in existence. It is, therefore, a matter for consideration for the Government whether they should continue to keep the N.I.D.C. going as an institution with such a limited sphere of work.

NEW DELHI;

The 27th March, 1961.

The 6th Chaitra, 1883 (Saka).

H. C. DASAPPA,

Chairman,

Estimates Committee.

APPENDIX I

(Vide Para 6)

List of Directors of the National Industrial Development Corporation Limited, New Delhi, as on 31st December, 1960

1. Shri Lal Bahadur Shastri, Minister of Commerce and Industry, New Delhi. Chairman.
2. Shri Manubhai Shah, Minister of Industries, New Delhi. Vice Chairman.
3. Shri A. Ramaswami Mudaliar, Chairman, India Steamship Company Ltd., 21, Old Court House Street, Calcutta.
4. Shri F. C. Badhwar, C/o M/S Bird & Co. Private Ltd., 74, Janpath, New Delhi.
5. Shri G. D. Birla, Birla House, New Delhi.
6. Shri S. P. Jain, 11, Clive Row, Calcutta.
7. Shri Kasturbhai Lalbhai, Pankore's Naka, Ahmedabad.
8. Shri G. B. Kotak, Navsari Building, Dadabhoy Naoroji Road, Fort, Bombay-1.
9. Shri B. P. Singh Roy, 15, Landsdowne Road, Calcutta-20.
10. Shri Padampat Singhania, Kamla Tower, Kanpur.
11. Shri J. R. D. Tata, Bombay House, Bruce Street, Fort, Bombay.
12. Shri S. Bhoothalingam, Secretary, Ministry of Steel, Mines & Fuel, (Deptt. of Iron and Steel), New Delhi.
13. Shri K. L. Ghei, Joint Secretary, Ministry of Finance, New Delhi.
14. Shri K. B. Lall, Additional Secretary, Ministry of Commerce & Industry, New Delhi.
15. Shri K. P. Mathrani, Additional Secretary, Ministry of Finance, New Delhi.
16. Prof. M. S. Thacker, Secretary, Ministry of Scientific Research & Cultural Affairs, New Delhi.
17. Dr. A. Nagaraja Rao, Chairman, Heavy Engineering Corporation Ltd., Nepal Kothi, Doranda, Ranchi.
18. Shri K. B. Rao, National Industrial Development Corporation Ltd., New Delhi. Managing Director.

(para 24)

17

Serial No.	Name of the Mills Co.	Amount sanctioned.	Name of the Director of the Corporation, if any, who is deemed to be interested in the Co. for purposes or Section 299(3) of the Companies Act, 1956.	Remarks.
I	2	3	4	5
		Rs.		
		JUTE MILLS		
I	Khardah Co. Ltd., Calcutta 2nd Loan 3rd Loan	29,00,000.00 19,04,662.00 21,41,000.00		
2	Fort Gloster Industries Ltd., Calcutta 2nd Loan	26,00,000.00 26,96,000.00		

1	2	3	4	5
		Rs.		
3	Gourepore Co. Ltd., Calcutta	15,00,000.00	Shri Kasturbhai Lal Bhai—a member of the Managing Agency firm.	
4	Megna Mills Co. Ltd. 2nd Loan	22,83,600.00		
		10,98,000.00		
5	India Jute Co. Ltd. Calcutta	14,80,500.00		
6	The Nuddea Mills Co. Ltd., Calcutta 2nd Loan	24,50,000.00	Shri Kasturbhai Lal Bhai—a member of the Managing Agency firm.	
		7,00,000.00		
7	Shri Gourishankar Jute Mills(P) Cal. Ltd., 2nd Loan	15,11,000.00		
		17,94,000.00		
8	The General Industrial Society Ltd., Calcutta	25,47,000.00		
9	The Alexandra Jute Mills Ltd., Calcutta	12,42,000.00		
10	Presidency Jute Mills Co. Ltd., Calcutta	8,00,000.00		
11	Bally Jute Co. Ltd., Calcutta	24,30,000.00*	*Shri G. D. Birla—Managing Director of the Secretaries, Treasurers of the Co.	

Shri G. D. Birla,—Managing
Director of the Managing
Agency Co.
Shri B. P. Singh Roy—Director
of the Managing Agency Co.

12	Birla Jute Mfg. Co. Ltd., Calcutta . . .	33,30,000.00	
13	The Mahabir Jute Mills Co. Ltd. Gorakhpur (U. P.)	4,50,000.00	
14	Alkiance Jute Mills Co. Ltd., Calcutta . . .	15,83,000.00	
15	The Agarpura Co. Ltd., Calcutta	15,40,000.00	
16	Juggillal Kamlapat Jute Mills Co. Ltd., Kanpur	27,00,000.00	Shri Padampat Singhania—a Director and Member of the Co.
17	The Hooghly Mills Co. Ltd., Calcutta . . .	24,00,000.00	
18	Eastern Mfg. Co. Ltd., Calcutta	14,37,000.00	
19	The Ganges Mfg. Co. Ltd., Calcutta . . .	32,70,000.00	Shri Padampat Singhania—a Member of the Mill Company. Shri Kasturbhai Lalbhai (The Director has been re- quested to inform whether he is to be deemed as interest- ed in the Mill Co. for purposes of Sec. 299 (3) of the Companies Act, 1956.)

5

4

3

2

1

Rs.

20	Maheswari Devi Jute Mills Ltd., Kanpur	8,00,000.00			
21	Hukumchand Jute Mills Ltd., Calcutta	14,00,000.00			
22	The Nafarchandra Jute Mills Ltd.,	10,90,000.00			
23	Shree Ambica Jute Mills Ltd., Calcutta	23,26,000.00			
24	Prabartak Jute Mills Ltd., Calcutta	9,67,000.00			
25	National Co. Ltd., Calcutta	30,39,000.00			
26	Chitavalsah Jute Mills Co., Ltd., Calcutta	10,34,000.00			
27	Naihati Jute Mills Co. Ltd., Calcutta	7,50,000.00			Declined by applicant Co.
28	Reliance Jute Mills Co. Ltd., Calcutta	25,00,000.00			Do.
29	Fort William Jute Co. Ltd., Calcutta	19,00,000.00			Do.
30	Anglo India Jute Mills Co. Ltd., Calcutta	20,00,000.00			Do.
31	Nellimarala Jute Mills Co. Ltd., Calcutta	6,77,000.00			Do.

Shri B. P. Singh Roy as Di-
rector of the Company.

COTTON TEXTILE MILLS

1	Central India Spg., Wvg. & Mfg. Co. Ltd., Nagpur	75,00,000.00	Shri J. R. D. Tata a member of the mill company and Direc- tor of the Tata Industries (P) Ltd., Secretaries and Treas- urers of the mill company.
2	Shri Shubhalaxmi Mills Ltd., Cambay	18,50,000.00	
3	Victoria Cotton Mills Ltd., Calcutta	13,00,000.00	
4	Hukamchand Mills Ltd., Indore	30,00,000.00	
5	Shree Sitaram Mills Ltd., Bombay	30,00,000.00	
6	New Victoria Mills Co. Ltd., Kanpur	25,00,000.00	Shri Padampat Singhania—a member of the mill company.
7	Visalakshi Mills Ltd., Madurai	8,12,000.00	
8	Elphinstone Spg. & Wvg. Mills Co. Ltd., Bombay	44,38,000.00	
9	Loyal Textile Mills Ltd., Kovilpathi	8,73,000.00	
10	Lokamanya Mills Barsi Ltd., Barsi	4,57,000.00	
11	Shri Bharthi Mills S. A., Pondicherry	19,69,000.00	
12	Meenakshi Mills Ltd., Madurai	57,86,000.00	

1	2	3	4	5
		Rs.		
13	Shree Hanuman Cotton Mills Ltd., Calcutta	13,40,000.00		
14	The Madura Mills Co. Ltd., Madurai	75,00,000.00		
15	Yamuna Mills Co., Ltd., Baroda	27,84,000.00		
16	The Bharat Suryodaya Mills Co. Ltd., Ahmedabad	22,37,000.00		
17	Jam Shri Ranjitsinghji Spg.Wvg.Mills Ltd., Bombay	25,00,000.00		
18	Binod Mills Co. Ltd., Ujjain	20,00,000.00		
19	The Burhanpur Tapti Mills Ltd., Burhanpur	34,62,000.00		
20	Jayashanker Mills Ltd., Barsi	13,00,000.00		
21	Shree Gopal Industries Ltd., Bombay	16,20,000.00		
			Shri Kasturbhai Lalbhai, the Director has been requested to confirm whether he is to be deemed as interested in the Company for purposes of Section 299 of the Com- panies Act, 1956.	
22	The Bengal Luxmi Cotton Mills Ltd., Calcutta	30,80,000.00		
23	Central Cotton Mills Ltd., Calcutta	30,00,000.00		

24	Shree Ganesar Textile Mills Ltd., Devangere	19,00,000·00	
25	Hira Mills Ltd., Ujjain	42,41,000·00	
26	Jaipur Spg. & Wvg. Mills Ltd., Jaipur	26,00,000·00	
27	Sitaram Mills Ltd., Bombay (Additional Loan)	4,73,000·00	
28	Birla Cotton Spg., & Wvg. Mills Ltd., Delhi	42,00,000·00	Shri G. D. Birla—Managing Director of the Managing Agency Co.
29	Pulgaon Cotton Mills Ltd.,	25,00,000·00	
30	M/s. Delhi Cloth & General Mills Co. Ltd., Delhi	60,00,000·00	
31	Minerva Mills Ltd., Bombay	45,00,000·00	
32	Lotus Mills Ltd., Podanun	25,00,000·00	
33	Edward Textiles Ltd., Bombay	40,00,000·00	
34	Coimbatore Spg. Wvg. Co. Ltd., Coimbatore	25,00,000·00	Declined by the ap- plicant Company.
35	Vijayalakshmi Mills Ltd., Coimbatore	7,49,000·00	Do.
36	Jayalakshmi Mills Pvt. Ltd., Coimbatore	4,00,000·00	Do.
37	New Rajpur Mills Co., Ltd., Ahmedabad	26,00,000·00	Shri Kasturbhai Lalbhai—a member of the mill Company.

1	2	3	4	5
		Rs.		
38	Malabar Spg. & Wvg. Co. Ltd., Kozhikode	16,70,000.00	..	Declined by the applicant Company.
39	Rajalakshmi Mills Singanallur .	5,12,000.00	..	Do.
40	Gnamambikai Mills Ltd., Coimbatore .	6,60,000.00	..	Do.
41	Podar Mills Ltd., Bombay	25,80,000.00	..	Do.
42	Somasundaram Mills(P) Ltd., Coimbatore .	20,00,000.00	..	Do.
43	Anglo French Textiles Ltd., Pondicherry .	40,00,000.00	..	Do.
44	Sitaram Spg. & Wvg. Co. Ltd., Trichur .	21,68,000.00	..	Do
45	Broach Textile Mills Ltd., Broach . . .	23,80,000.00	..	Do.
46	Krishna Mills Ltd., Beawar	20,00,000.00	..	Do.
47	Tarun Commercial Mills Ltd., Ahmedabad	25,00,000.00	..	Application treated as withdrawn.
48	Harivallabhadas Mulchand Mills Co. Ltd., Ahmedabad	22,65,000.00	..	Declined by mill Co.
49	Mahalaxmi Mills Ltd., Bhavnagar . . .	16,00,000.00	Shri Kasturbhai Lalbhai—a member of the Mill Company.	Application treated as withdrawn.

MACHINE TOOL INDUSTRY

Rs.

1	M/s. New Standard Engineering Co. Ltd. .	10,00,000.00
2	M/s. Cooper Engineer Co. Ltd.	25,00,000.00

APPENDIX III

(Vide para 28)
Statement showing the details of the various projects undertaken and processed by the N.I.D.C., their estimates, financial outlay, cost incurred etc.

S. No.	Name of the Project	Estimated Capacity	Financial Outlay	Yield on investment	Cost so far incurred on project reports, drawings etc. by NIDC 31-12-1960	Remarks
1	2	3	4	5	6	7
Rs.						
<i>A.—Projects taken up for implementation in the Public Sector.</i>						
1	Organic Chemicals and Intermediates.	About 40 intermediates with a total capacity of about 24,000 tons per annum in the initial stages.	About Rs. 11 to 12 crores excluding working capital cost of township etc.	Not known Production Value : Rs. 5 crores per annum	4,78,664.00	An agreement was entered into with a West German Consortium on 18-8-1960. A new Company called 'Hindustan

Rs.

Organic Chemicals Limited' has been set up to implement this project. Until the Agreement is formally assigned to the new Company, the NIDC has been asked to meet the initial expenditure, as done hitherto.

A company by the name 'Pyrites and Chemicals Development Company Private Ltd.' has been set up as a subsidiary of the NIDC for implementing the project. The question of commissioning a Detailed Project Report would depend on the success of the large-scale production tests of Amjhor ores to be conducted at the works of Messrs. Orklas of Norway. Capacity, financial outlay, etc., in respect

• 10,11,514.00

approximately.

Not known
Production
Value will
be known
when detailed
project report
is commissioned.

The project is still in the experimental stage and pilot experiments are being conducted abroad.

2 Sulphur from Pyrites

of this project would be known only after the receipt of the Project Report.

3	Phosphorus	18 tons of phosphorus per day	Rs. 2.1 crores	It is not possible to indicate the net yield, as the cost of phosphorus is dependent on the cost of electric energy which enters largely into the production of phosphorus.	1,09,046.00
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4	Raw Film	Film base—3 tons per day of 24 hours operation.	Production Value : Rs 5 crores p. a. approximately.	An agreement was entered into with Messrs. Banchet of France on 25-4-1960, which has come into force with effect from 17th October 1960. A company called 'Hindustan Photo Films Manufacturing	
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Coating capacity for ordinary grades— Not available. 36,000 sq. m. per day of 24 hours operation.

Rs.

Emulsion manufac-
turing capacity—
26,000 sq. m. per
day of 24 hours
operation.

Rs. 8 crores (in-
cluding working
capital).

39,326.00

Cine film perforating
360,000 linear metres
per day of 16 hours
operation.

Spooling capacity
Roll film—36,000
spools per day of 16
hours operation.

Slitting & cutting
Film—2,500 sq. m.
per day of 16 hours
operation.

Company Limited' has
been set up to im-
plement this project.
Until the Agreement is
formally assigned to
the new company, the
NIDC has been asked
to meet the initial
expenditure, as has
been done hitherto.

Paper—6,000 sq. m.
per day of 16 hours
operation.

5 Drugs Projects :

(a) Anti-biotics	300 tons per annum	Rs. 35 to 40 crores.	Not avail- able.	3,52,663.00	Contracts for the preparation of Detailed Project Reports at a cost of Rs. 37.2 lakhs, for the four units have been entered into with the Soviet Organisation and the reports ex- pected to be received within the next few weeks.
(b) Synthetic Drugs	850 "	"	Production value—		
(c) Surgical Instru- ments.	2.5 million pieces per annum.	"	Rs. 35 to 40 crores per annum app- roximately.		

(d) Physio-Chemical 100 tons per annum

3

It is intended to form a
separate company for
the implementation of
all formed, the proces-
sing of these projects
is done by the NIDC.

6 Heavy Structural Fabricating Works.	10,000 tons annum on single shift.	Rs. 2.2 crores (in- cluding working capital but exclud- ing cost of land, external services, road and rail connec- tions and town- ship).	Not avail- able.	—*	Project Reports for these two projects costing £18,500 have been prepared by Messrs. W.S. Atkins & Partners of the United Kingdom under the Colombo Plan as- sistance. Further
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9 Heavy Machine Tools.	Thermocouples and Transmitting element—25 m. roubles p.a. 10,000 tons p.a.	About Rs. 12 crores (excluding working capital, cost of land, township etc.)	Not available.	15,819·00	This project has been entrusted to the Heavy Engineering Corporation, for implementation.
10 (a) Foundry Forge	III Stage corresponding to Heavy Machine Building Plant (80,000 tons).	Rs. 72 crores	Will meet the requirements in full of castings and forgings of the Heavy Machine Building Plant.	4,78,664·00	
(b) Heavy Machine Building.	80,000 tons.	Rs. 48 crores.	Value of output Rs. 42 crores per annum. Yield on investment Rs. 10·9 crores per annum.	1,75,004·00	
(c) Coal Mining Machinery.	45,000 tons.	Rs. 35 crores	Value of output Rs. 24 crores per annum. Yield on investment Rs. 5·5 crores per annum.	61,619·00	

	I	2	3	4	5	6	7
Rs.							

Optical and Ophthalmic Glass.	300 tons of Ophthalmic Glass p.a.	2.5 to 3 crores	..	1,29,206.00	Consequent on the successful achievement of Central Glass and Ceramic Research Institute in producing Optical glass, it was decided to drop Optical glass from the production programme of this project. The revised project report for the Ophthalmic Glass Plant is expected to be received from the Soviet Organisation by the end of July, 1961 and the detailed working drawings completed by July, 1962. For the time being, this project has been entrusted to the Heavy Engineering Corporation, for further processing.
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B. Projects entrusted to the Private Sector for Implementation.

1	Aluminium	•	Not known	•	Not known	•	73,094'00	As parties in the private sector evinced interest in these projects, for which the preliminary investigations were carried out by the NIDC, they have been entrusted to the Private Sector to follow up and establish units.
2	Carbon Black	•					18,674'00	
3	Synthetic Rubber	•					1,07,778'00	
4	Rayon Grade Pulp						13,663'00	
5	Newsprint from bag-asse	•					86,960'00	
6	Tungsten Carbine						4,967'00	

APPENDIX IV

Statement showing the Summary of conclusions/recommendations of the Estimates Committee contained in the Report.

Serial No. 1	Para No. 2	Summary of Conclusions/recommendations 3
1	8	The Committee suggest that the present arrangement under which the Ministers are functioning as Chairman and Vice-Chairman of the N.I.D.C. may be reconsidered in the light of the reasons given in Paras 7-8 of the Report.
2	16	The Committee were somewhat surprised to learn that in setting up a Technological Consultancy Bureau of such importance with a potentiality to grow very big, the N.I.D.C. had not subjected the scheme to any scientific examination and to obtain a report. The Committee suggest that such a Bureau is too important to be launched without a proper, detailed scientific investigation by fully competent hands and hope that before setting up the Technological Consultancy Bureau such an investigation will be made and a comprehensive report obtained on the various aspects of the project which among others should include the technical possibilities, the scope and nature, the personnel required and availability, the cost and its economics etc. They also suggest that the project report may be published before its adoption.
3	22-23	The N.I.D.C. has been charged with the task of finding finance for the modernisation and rehabilitation of Jute & Cotton Textile Mills—and that for these two only—when the other financing Corporations like I.F.C., I.C. & I.C., State Finance Corporations could perhaps have been utilised for the purpose as well. Considering the present financial structure of the N.I.D.C. it appears that there is no prospect of the Corporation keeping down even its costs in the near future. It would, perhaps, be more appropriate if the present field of activity of the N.I.D.C. as a lending agency were transferred to the Industrial Finance Corporation or any other such agency whose operations may not result in losses entailing grants by way of subsidy.

1	2	3
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4	27	On a persual of the list of loanees, the committee consider that however justifiable and unexceptional these loans may have been, there are among them parties who could perhaps have raised the necessary resources on their own without the special aid from N.I.D.C. and that the funds that have now been given to them could have been preferably made available to other parties whose position to raise such loans by other means is not equally strong.
5	29	The Committee feel that the processing of Sulphur from Pyrites project has been unduly delayed and the progress rather tardy.
6	30	The project for the manufacture of Newsprint from <i>bagasse</i> too has not made much headway during last four years.
7	32	The Committee trust that Heavy Structural Fabrication Works and Heavy Plate Vessel Works projects which have got a very important bearing on the setting up of heavy industries in the country would be finalized before long.
8	34	The Committee find it difficult to appreciate the reasons for entrusting Ophthalmic Glass project to the Heavy Engineering Corporation and feel that it could perhaps have been as well entrusted to the National Instruments Factory which is already in the line.
9	36	The Committee are of the opinion that whenever a project processed by the N.I.D.C. reaches a final stage and is passed on to other parties in the private sector, a reasonable portion of the developmental expenditure should be recovered from the parties concerned. They do not think that any entrepreneur will be reluctant to pay for the services
10	37	The Committee suggest that full publicity should be given whenever it is considered necessary to hand over the execution of a project initially sponsored by the N.I.D.C. to any parties in the private sector.

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- 11 38 The Committee are critical of delays in presenting the Annual Reports of N.I.D.C. to Parliament which not only result in the violation of the provisions of the Companies Act but also deprive the Parliament of their right to be posted with the financial result of the working of a Government Company in time.
- 12 41 The N.I.D.C. purports mainly to process certain industries referred to it by the Ministry of Commerce and Industry. What is more, the N.I.D.C. has not even the necessary technical staff and it has to depend generally on the Development Wing to assist it or to engage on an *ad hoc* basis technical advisers for specific projects. It is only when the preliminary project studies are received from foreign firms whose assistance is sought by Government that the N.I.D.C. examines them in detail in consultation with the Ministries concerned. It seems, therefore, that the idea of N.I.D.C. being an instrument for securing a balanced and integrated development of industries in the private and public sector is a little overstatement.
- 13 42 The Committee are of opinion that if divested of its function as a financing agency which seems to be its main work now as recommended by them, very little of the other function of development of industries remains which cannot be equally well discharged by the agencies already in existence. It is, therefore, a matter for consideration for the Government whether they should continue to keep the N.I.D.C. going as an institution with such a limited sphere of work.
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APPENDIX V

Analysis of recommendations in the Report

I. CLASSIFICATION OF RECOMMENDATIONS :

- A. Recommendations for improving the organisation and working—1, 2, 8, 12, and 13.
- B. Recommendations for development programme—5, 6 and 7.
- C. Recommendation for effecting economy—9.
- D. Miscellaneous—3, 4, 10 and 11.

II. ANALYSIS OF MORE IMPORTANT RECOMMENDATIONS DIRECTED TOWARDS ECONOMY :

Serial No.	No. as per summary of recommendation	Particulars
<hr/>		
I	9	The Committee are of the opinion that whenever a project processed by the N.I.D.C. reaches a final stage and is passed on to other parties in the private sector, a reasonable portion of the developmental expenditure should be recovered from the parties concerned. They do not think that any entrepreneur will be reluctant to pay for the services.

III ECONOMY :

It is not possible to calculate the money value of the economies suggested in the report.