

ESTIMATES COMMITTEE 1961-62

HUNDRED AND FORTY-SEVENTH REPORT (SECOND LOK SABHA)

MINISTRY OF COMMERCE AND INDUSTRY

Action taken by Government on the recommendations contained in the Ninety-fourth Report (Second Lok Sabha) of the Estimates Committee on the Ministry of Commerce and Industry—Hindustan Machine Tools Ltd., Bangalore.



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1961/Agrahayana, 1883 (Saka)

Price : Re. 0.25 nP.

CONTENTS

	PAGES
Composition of the Committee	(iii)
Introduction	(v)
I. Report	I
II. Recommendations that have been accepted by Government	2
III. Replies of the Government that have been accepted by the Committee	6
IV. Replies of the Government that have not been accepted by the Committee	8

APPENDIX :

Analysis of action taken by Government on the recommendations contained in the Ninety-Fourth Report of the Estimates Committee (Second Lok Sabha).	10
--	----

ESTIMATES COMMITTEE

(1961-62)

CHAIRMAN

Shri H. C. Dasappa

MEMBERS

2. Shri Pramathanath Banerjee
3. Shri Chandra Shankar
4. Shri V. Eacharan
5. Shri Ansar Harvani
6. Shri H. C. Heda
7. Shri M. R. Krishna
8. Rani Manjula Devi
9. Shri Bibhuti Mishra
10. Shri J. G. More
11. Shri G. S. Musafir
12. Shri Padam Dev
13. Shri Jagan Nath Prasad Pahadia
14. Shri Chintamani Panigrahi
15. Shri Panna Lal
16. Shri Karsandas Parmar
17. Shri P. T. Thani Pillai
18. Shri P. T. Punnoose
19. Shri Rajendar Singh
20. Shri K. S. Ramaswamy
21. Shri Satis Chandra Samanta
22. Shri Vidya Charan Shukla
23. Shri Kailash Pati Sinha
24. Shri M. S. Sugandhi
25. Shri Motisinh Bahadursinh Thakore
26. Shri Mahavir Tyagi
27. Pandit Munishwar Dutt Upadhyay
28. Shri Ramsingh Bhai Varma
29. Shri Balkrishna Wasnik
30. Shri K. G. Wodeyar.

(iv)

SECRETARIAT

Shri N. N. Mallya—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

INTRODUCTION

1. the Chairman, Estimates Committee having been authorised by the Committee to present this Hundred and Forty-seventh Report of the Estimates Committee on Action taken by Government on the recommendations contained in the Ninety-fourth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Commerce and Industry—Hindustan Machine Tools Ltd., Bangalore.

2. The Ninety-fourth Report of the Estimates Committee (Second Lok Sabha) was presented to Lok Sabha on the 26th April, 1960. The Ministry of Commerce and Industry furnished their comments on the recommendations contained in this Report on the 17th April, 1961. The replies were examined by the Study Group 'F' of the Estimates Committee (1961-62) in their sitting held on the 28th October, 1961.

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

I—Report.

II—Recommendations that have been accepted by Government.

III—Replies of the Government that have been accepted by the Committee.

IV—Replies of the Government that have not been accepted by the Committee.

4. An analysis of the Action taken by Government on the recommendations contained in the Ninety-fourth Report (Second Lok Sabha) of the Estimates Committee is given in the Appendix of this Report. It would be observed therefrom that out of 16 recommendations made in the Report, 69% have been accepted by Government. Of the rest, the replies of the Government in respect of 19% of the recommendations have been accepted by the Committee, replies in respect of 12% of the recommendations have not been accepted by the Committee.

NEW DELHI;
Decembr 7, 1961.
Agrahayana 16, 1883 (S).

H. C. DASAPPA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

The Estimates Committee are glad to observe that out of a total of sixteen recommendations contained in their Ninety-fourth Report (Second Lok Sabha) relating to Hindustan Machine Tools Ltd., Bangalore (Ministry of Commerce and Industry), eleven have been fully accepted by the Government. Of the remaining five, the Committee have accepted the replies of Government in respect of three. The other two—namely recommendation Nos. 8 and 12—have been dealt with in Chapter IV.

2. As no manufacturing or trading accounts were being appended to the Annual Reports of the Company, the Committee in para 16 of their above Report had suggested that a beginning should be made to include these accounts in the next annual report of the Company. In reply, the Ministry have stated that the matter has been taken up with the Company. The Committee hope that an early decision in this behalf would be taken.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

S. No. (as in the Appendix to the Report)	Reference to para. no. of the Report	Summary of Recommendations/conclusions	Reply of the Government
(1)	(2)	(3)	(4)

2

1 6 The Committee consider that details of the assets, if any, which are not utilised for productive efforts in a particular year should be clearly indicated in the Annual Reports of the Public Undertakings.

The recommendation has been noted by the Company for compliance while compiling Annual Report for 1960-61.

[Ministry of C. & I. O.M. No. 6 (38)/60-Eng. Proj. dated the 17th April, 1961.]

2 9 The Committee are unable to appreciate the justification for reducing the prices of lathes and milling machines, especially when the company has neither declared any dividend so far nor built up any reserves whatsoever for expansion and there is stated to be no competition in such machines within the country.

The selling prices of HMT products are fixed by the Board of Directors every year after taking into consideration the cost of production, the prevailing prices of comparable machines imported into India, etc. The selling prices were somewhat reduced below the landed cost presumably with a view to popularise indigenously produced

machines and overcome consumers' resistance. The sale prices have since been enhanced as approved by the Board of Directors in their meeting held on 28-9-1960.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]

The Committee consider that there is no justification for treating the interest on loans as a return on paid-up capital unless the loan is converted into capital. In the circumstances, the Committee do not agree with the view that, in comparing net profits, interest on loans may be included in the profits as that would not indicate the correct position.

11

The Committee feel that details of at least the major items falling under 'Miscellaneous Expenses' and 'Miscellaneous Receipts' should be indicated in the Report.

15

The Committee suggest that in the Director's Report more details of facilities offered to the employees e.g., the number of employees in each category, the number of employees provided with housing facility etc. might be given.

17

The Committee suggest that the workers' representative on the Joint Council should be an

18

The recommendation will be given effect to by the company in compiling Annual Report for 1960-61.

[Ministry of C. & I. O.M. No. 6 (38)/60-Eng. Proj. dated the 17th April, 1961.]

The suggestion has been noted by the company for compliance.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]

The suggestion has been noted by the company for compliance.

10

(1)

(2)

(3)

(4)

employee of the Undertaking concerned.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj.
dated the 17th April, 1961.]

11

19

(i) The expenditure on 'Bonus' ought to have been shown separately so that the increase in the administrative expenses could be worked out ;

This has been complied with.

11

(ii) The amount of interest accrued on Government loans has not been paid so far ; and

During the year 1959-60, an amount of Rs. 10,94,613 has been paid by the Company to Govt. towards interest on loan. The Company have been asked to pay the interest on loans accrued upto 31-3-61 as early as possible.

11

(iii) It would have been desirable to transfer the amount of net profits of Rs. 22,169 on the sale of assets of the Company to capital reserve.

The suggestion has been noted by the company for guidance in compiling annual reports in future.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj.
dated the 17th April, 1961.]

13

23

In view of the fact that the working capital position of the company is not satisfactory, the Committee suggest that the feasibility of reducing the stock of raw materials be considered.

The stock of raw material has considerably been reduced by the company in 1959-60. The working capital position has also improved substantially.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj.
dated the 17th April, 1961.]

14

The Committee suggest that, other things being equal, the State Bank of India should be preferred for taking loans.

25

Noted.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]

15

The Committee urge that effective steps should be taken to realise the book debts of the Company without delay in order to improve the position of working capital of the Company.

26

Necessary steps had been taken by the company in 1959-60 to realise the book debts and the position of working capital had shown considerable improvement during that year. Since, however, majority of the sales are confined to Govt. departments, some delay in realising book debts is unavoidable.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]

16

(i) The financial results of the Company leave room for improvement.

27

Noted. With the increase in production and sales, the financial position is progressively improving.

(ii) The intangible and fictitious assets of the company should be reduced in due course.

The development and commissioning expenditure has since been written off completely in 1959-60. As regards intangible assets, the position has been explained against Sl. No. 12.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Sl. No. (as in the Appendix to the Report)	Reference to para. no. of the Report	Summary of Recommendations/conclusions	Reply of the Government
(1)	(2)	(3)	(4)
3	10	The works-in-progress of the Company appear to be on the high side. The method adopted for arriving at their cost has also not been indicated in the Report.	The manufacturing cycle varies from 6 to 9 months depending on the type of the machine under production. In view of this, the work-in-progress at the end of 1958-59, which is approximately 5 months' production, is not high. The work-in-progress has been valued at cost and the method of valuation is shown in the Balance Sheet.
5	12	The net profits have been computed before making any provision for 'deferred revenue	[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.] For correctly reflecting the trading results, it is necessary to compute the net profits for the year

expenditure' amounting to Rs. 30.03 lakhs which should more appropriately have been charged to revenue.

first before writing off any preliminary expenditure relating to past years. It is stated by the Company that the amount of Rs. 30.03 lakhs referred to in this para. represents the Development and Commissioning expenditure written off from the profits for 1958-59.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]

6 13

The net amount (Rs. 2.79 lakhs) available for distribution, after making adjustment of the deferred revenue expenditure and appropriation towards development rebate reserve, is very insignificant when compared to the paid-up capital of the company, viz. Rs. 4.85 crores.

The total net profit available for appropriation during the year 1958-59 was Rs. 32,97,630. Out of this an amount of Rs. 74,450 was set aside towards development rebate reserve. The balance amount of Rs. 32,23,180 was available legally for distribution to the share holders. Instead of declaring dividends the Directors thought it fit to write off the Development and Commissioning expenditure of past years, though legally this amount can be capitalised and need not be written off from the profits. Therefore the amount of Rs. 2.79 lakhs is the balance carried forward after appropriating the profit of Rs. 32,97,630/- to the various accounts as stated above.

[Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]

CHAPTER IV

REPLIES OF THE GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

S.No. (as in the Appendix to the Report)	Reference to para no. of the Report	Summary of Recommendations/ conclusions	Reply of the Government	Comments of the Committee
(1)	(2)	(3)	(4)	(5)
8	16	The Committee trust that a beginning would be made to include the manufacturing and trading accounts in the next annual report of the company.	This matter has been taken up with the Company. [Ministry of C. & I. O.M. No. 6(38)/60-Eng. Proj. dated the 17th April, 1961.]	Please see para 2 of Chapter I.
12	21	The Committee suggest that the company should write off the intangible assets of the company amounting to	This matter has been taken up with the Company.	Decision when arrived at may be intimated,

Rs. 21·80 lakhs by spreading it over [Ministry of C. & I. O.M. No. 6(38)/60-
a reasonable period of time. Eng. Proj. dated the 17th April, 1961.]

NEW DELHI ;
December 7, 1961.
Agrahayana 16, 1883 (S).

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX

Analysis of the action taken by Government on the recommendations contained in the 94th Report of the Estimates Committee (Second Lok Sabha)

1. Total Number of Recommendations made	16
2. Recommendations that have been accepted by Government (<i>Vide</i> recommendations Nos. 1, 2, 4, 7, 9, 10, 11, 13, 14, 15 and 16 in Chapter II)	
Number	11
Percentage to total	69%
3. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (<i>Vide</i> recommendations Nos. 3, 5 and 6 in Chapter III)	
Number	3
Percentage to total	19%
4. Recommendations in respect of which replies of Govern- ment have not been accepted by the Committee (<i>Vide</i> recommendations Nos. 8 and 12)	
Number	2
Percentage to total	12%

LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-1

Agency No.	Name and Address of the Agent	Agency No.	Name and Address of the Agent	Agency No.	Name and Address of the Agent
1.	Jain Book Agency, Connaught Place, New Delhi.	20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	37.	Amar Kitab Ghar, Dagon Road, Jamshedpur-1.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.
3.	British Book Depot 84 Hayratganj, Lucknow.	22.	International Book House Private Ltd., 9, Ash Lane, Bombay.	39.	E.M. Gopal Krishna Kona, (Shri Gopal Mahal), North Chitrai Street, Madura.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.	23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	40.	Friends Book House, M.U., Aligarh.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	24.	The Kalpana Publishers, Trichinopoly-3.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.
6.	H. Venkataramiah & Sons, Vidyavidyalaya Book Depot, New Statue Circle, Mysore.	25.	S. K. Brothers, 15A/65, W.E.A, Karol Bagh, New Delhi-5.	42.	M.C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.
7.	International Book House, Main Road, Trivandrum.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.
8.	The Presidency Book Supplies, 8-C Pycroft's Road, Triplicane, Madras-5.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	28.	City Book sellers, Sohanganj Street, Delhi.	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.
10.	Book Centre, Opp. Patna College, Patna.	29.	The National Law House, Near Indore General Library, Indore.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.
11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	47.	Laxmi Narain Aggarwal Hospital Road, Agra.
12.	The Cuttack Law Times Office, Cuttack-2.	31.	A.H. Wheeler & Co., (P) Ltd., 15, Elgin Road, Allahabad.	48.	Law Book Co., Sardar Patel Marg Allahabad.
13.	The New Book Depot, Connaught Place, New Delhi.	32.	M.S.R. Murthy & Co., Visakhapatnam.	49.	D.B. Taraporevala & Son Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.
14.	The New Book Depot, 79, The Mall, Simla.	33.	The Loyal Book Depot, Chhipi Tank, Meerut.	50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	34.	The Good Companion, Baroda.	51.	S. Krishnaswami & Co., P.O. Teppakulam, Tiruchinapalli-1.
16.	Lok Milap, District Court Road, Bhavnagar.	35.	University Publishers, Railway Road, Jullundur City.	52.	Hyderabad Book Depot, Abid Road, (Gun Foundry), Hyderabad.
17.	Reeves & Co., 29, Park Street, Calcutta-16.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.	53.	M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi.

Agency No.	Name and Address of the Agent	Agency No.	Name and Address of the Agent	Agency No.	Name and Address of the Agent
54.	C. V. Venkatachala Iyer, Near Railway Station, Chalakudi (S.I.).	68.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.	82.	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akkur Lane, Calcutta-12.
55.	The Chindambaram Provision Stores, Chindambaram.	69.	Makkala Pustaka Press, Balamandira, Gandhinagar, Bangalore-9.	83.	Freeland Publications (P) Ltd., 11-A/16, Lajpat Nagar, New Delhi-14.
56.	K. M. Agarwal & Sons, Railway Book Stall, Udaipur (Rajasthan).	70.	Gandhi Samriti Trust, Bhavnagar.	84.	Goel Traders, 100-C, New Mandi, Muzaffarnagar (U.P.).
57.	The Swadesamitran Ltd., Mount Road, Madras-2.	71.	People's Book House, Opposite Jaganmohan Palace, Mysore-1.	85.	Mehra Brothers, 50-G, Kalkaji, New Delhi-19.
58.	The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6.	72.	'JAGRITI', Bhagalpur-2 (Bihar).	86.	The Krishna Book Depot, Publishers Booksellers, Stationers & News Agents, Mal Bazar, Pathankot, (E.P.).
59.	The High Commission of India Establishment Department, Aldwych, London, W. T.-2.	73.	The New Book Company (P) Ltd., Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay.	87.	Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6.
60.	Current Book Stores, Maruti Lane, Raghunath Dada Street, Bombay-1.	74.	The English Book Depot, 78, Jhoke Road, Ferozepore Cantt.	88.	The United Book Agency, 48, Amritkaur Market, Paharganj, New Delhi.
61.	International Consultants, Corporation, 48C, Marredpally (East), Secunderabad-3 (A.P.).	75.	Minerva Book Shop, 9, Jor Bagh Market, New Delhi-3.	89.	Pervaje's Book House, Book Sellers & News Agents, Koppikar Road Hubli.
62.	K.G. Asceervandam and Sons, Cloughpet, P.O. Ongoli, Guntur Distt. (Andhra.).	76.	People's Publishing House, Rani Jhansi Road, New Delhi-1.	90.	B. S. Jain & Co., 71 Abupura, Muzaffarnagar (U.P.).
63.	The New Order Book Co., Ellis Bridge, Ahmedabad.	77.	Shri N. Chaoba Singh, Newspaper Agent, Ramlal Paul High School Annexe, Imphal, Manipur.	91.	Swadeshi Vastu Bhandar Booksellers, Jamnagar.
64.	The Triveni Publishers, Masulipatnam.	78.	Minerva Book Shop, The Mall, Simla-1.	92.	Bhogilal L. Fanna, Book stall Contractor, Railway Junction, Rajkot.
65.	Deccan Book Stall, Ferguson College Road, Poona-4.	79.	Universal Book Company, 20, Mahatma Gandhi Marg, Allahabad.	93.	Sikh Publishing House (P) Ltd., 7-C, Connaught Place, New Delhi.
66.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi-5.	80.	Madhya Pradesh Book Centre, 41, Ahilya Pura, Indore City (M.P.).		
67.	Bookland, 663, Madar Gate, Ajmer (Rajasthan)	81.	Mittal & Co., 85-C, New Mandi, Muzaffarnagar (U.P.)		

(C) 1961 BY LOK SABHA SECRETARIAT

**PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED AT THE PARLIA-
MENTARY WING OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**
