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HARYANA VIDHAN SABHA

## COMMITTEE

ON

### PUBLIC UNDERTAKINGS (1982-83)

(SIXTH VIDHAN SABHA)

TENTH REPORT

ON THE

GENERAL WORKING OF

HARYANA MINERALS LIMITED



Presented to the House on 25 MAR 1983

HARYANA VIDHAN SABHA SECRETARIAT  
CHANDIGARH

FEBRUARY, 1983



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**COMPOSITION  
OF  
THE COMMITTEE ON PUBLIC UNDERTAKINGS (1982-83)  
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**3 Shri Bhim Singh Dahiya**

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**8 Shri Neki Ram**

**9 Shri Sahab Singh Saini**

**SECRETARIAT**

**1 Shri Raj Krishan Secretary**

**2 Shri S S Ahlawat, Joint Secretary**

(v)

## INTRODUCTION

I, the Chairman of the Committee on Public Undertakings, having been authorised by the Committee in this behalf, present this TENTH REPORT on the general working of the Haryana Minerals Limited, Narnaul

2 During oral evidence the Committee examined the representatives of the Department/Company concerned. The Committee also made on the spot study of the various mines and factory of the Company located at Antri Beharipur, Kund and Narnaul. A brief record of the proceedings of each meeting has been kept separately in the Vidhan Sabha Secretariat.

3 The Committee would like to thank the Accountant General, Haryana, and his staff for the valuable assistance. The Committee are also thankful to the Secretary to Government Haryana Finance Department including his representatives and the representatives of the Department/Company concerned who appeared before the Committee from time to time. The Committee are also thankful to the Secretary Joint Secretary the dealing Officer and the staff of the Haryana Vidhan Sabha for the whole hearted co operation and unstinted assistance given in preparing this report.

Chandigarh

The 27th February, 1983

SAGAR RAM GUPTA

CHAIRMAN

## REPORT

### HARYANA MINERALS LIMITED, NARNAUL

#### Introductory

The Haryana Minerals Ltd was registered on 2nd December 1972 for exploring mining and dealing in minerals of all kinds. The marble and slate projects of the Haryana State Industrial Development Corporation Ltd were transferred in April 1973 to the Company for a consideration of Rs 8.04 lakhs which was converted in equity shares.

The authorised capital of the Company was Rs 20 lakhs which was raised to Rs 100 lakhs in May 1974 comprising of Rs 10 lakh equity shares of Rs 10 each. The paid up capital on 31st March 1980 was Rs 24.03 lakhs (which includes share application money) subscribed by the holding company namely the Haryana State Industrial Development Corporation Ltd. In addition the Company borrowed money from the holding company, financial institutions, commercial banks etc. For the first few years, the Company was incurring heavy losses but from the year 1978-79 onwards the Company has turned the corner and according to the information supplied to the Committee the Company is stated to have earned following profits —

Year	Profit
	(Rupees)
1979-80	2,05,848
1978-80	3,98,638
1980-81	12,38,276
1981-82	25,00,000 (Tentative)

#### 2 Activities and Performance

The Company planned and concentrated mainly on the following activities —

- (a) Extraction of marble blocks, slate stone and limestone,
- (b) processing of —
  - (i) marble blocks into slabs, marble chips, powder and crazy;
  - (ii) limestone into quick and hydrated lime, and
  - (iii) slate stone into roofing slates, school slates and building material, and
- (c) Manufacture of tiles

#### 3 Marble Project

Large deposits of marble are available at various places in the

**Mohindergarh District** The Committee was informed that these deposits can be extracted for hundreds of years. Marble blocks are extracted manually. The blocks are then cut into unfinished slabs and then the unfinished slabs are processed into finished slabs of various sizes at the factory. Similarly lumps extracted from the mines together with the pieces of slabs resulting from cutting of marble blocks into slabs are processed into crazy chips and powder at the factory. The Company has not maintained any records to indicate the total quantity of marble lumps extracted from the mines. The marble (in blocks) produced and sold since its inception to 1981-82 was as under —

Year	No. of blocks
1973-74	1,12,827
1974-75	3,62,111
1975-76	2,69,794
1976-77	2,20,490
1977-78	1,60,738
1978-79	2,78,830
1979-80	2,96,376
1980-81	5,18,575
1981-82	5,51,455

The production during the year 1982-83 (upto 8-1-83) amounted to 3,90,144

The losses in processing from unfinished slabs into finished slabs were quite high and high wastage in the process was, according to the management, mainly due to —

- (i) cracks in the deposits and hence in blocks —
- (ii) extra hardness of marble stones
- (iii) following of certain pieces during cutting of marble blocks, and
- (iv) wastage of side slabs

According to the management, the block making plant was working below the rated capacity because the machinery had become quite old and out dated. The project approved in 1974 for modernisation and expansion of the marble project had not so far been implemented.

The Committee asked the management to supply the figures of production and sale of marble project for the previous year. The statement supplied is contained in Appendix

#### 4 Tiles Project

The Company decided in September 1974 to set up two Tile Projects at Narnaul and Faridabad. Each plant was to manufacture 6 lakhs tiles per year. The plant at Narnaul was commissioned in June, 1975 at a cost of Rs 2.50 lakhs. The other unit at Faridabad was not set up because the plant at Narnaul proved uneconomical. This project met its infancy death and manufacturing of tiles was stopped in July, 1978.

#### 5 Lime Project

The Company on the basis of project report and know how supplied by the Central Building Research Institute Roorkee decided in June 1974 to set up 4 Country type lime kilns. The same were set up in December, 1974 at a total cost of Rs 15.89 lakhs. Only two kilns were fired in June, 1975 but the project had to be abandoned in December, 1976 because of poor quality of limestone, excessive consumption of coal, heavy cost of extraction, unfavourable site condition, disproportionately heavy output of dust under burnt and slack lime of the kilns, defective construction of lime kilns etc.

#### 6 Slate Project

The Company is operating Slate mines at Kund and Bihali in Mahendergarh District. Slate deposits in Mahendergarh which is popularly known as Haryana Slate is mainly exported. Besides export, this slate is used for manufacturing of school slate, switch boards and handicrafts. The slate produced by this Company has also achieved importance for use as building material.

Till 1967 the Kund Slate mines were being operated by private parties, the last lessee being M/s Kangra Valley Slate Company. Then the Haryana State Industrial Development Corporation took control in 1971. The possession of Kund Slate Mines was transferred from the Haryana State Industrial Development Corporation to this Company in 1973. Bihali mines were taken over by this Company in 1976 from a private party.

The slates are used in construction, roofing, flooring, panalling and steps. The use of thin slate tiles as roofing is quite well known in hilly parts of our country. Abroad, slate is used in flooring, panalling and steps only. Slate kuttals are used in canal lining.

In the beginning when the Company entered the export market it was getting its slate cut and crated in Bombay. Gradually as the staff of the Company became experienced edge cutting machines were installed at Kund and the Company started doing cutting and crating of its own.

The Committee was supplied the following figures of production

and sales of slate —

Year	Production		Slate Exports		Local Sale	
	KUND	BEHALI	Direct	Indirect	Kund	Behali
1973	3 75 670	—	24 782	3 69 735	These	—
1974 75	12 29 334	—	1 34 481	9 07 494	figures	—
1975 76	8 97 817	—	82 135	10 00 625	include	—
1976 77	18 49 199	1 72 928	11 96 398	8 69 425	local sales	1 40 920
1977 78	15 27 463	7 57 605	3 89 264	10 10 788	of Kund	1 91 870
1978 79	18 72 165	3 33 043	20 03 356	7 16 864	4 88 972	1 65 059
1979 80	21 49 509	4 83 174	21 48 462	10 19 917	4 40 385	2 13 920
1980 81	33 04 028	11 45 244	47 18 138	11 67 339	4 36 110	1 08 414
1981 82	34 14 759	16 05 049	82 92 255	1 48 690	4 44 859	1 38 267

## 7 Observations and Recommendations

I In the matter of purchase of Hydration Plant for lime project this Committee has been making repeated observations/suggestions but the Committee is sorry to note that the Company has not yet been able to safeguard the interest of the Company in this behalf. The representatives of the Company have stated that the whereabouts of M/s Hitachi Electronics Pvt Ltd Delhi are not known and therefore the ex parte decree obtained by the Company against the firm from a civil court could not be executed. The Committee recommends that immediate steps must be taken to lodge a criminal case against the firm. This will not only help to locate owners of the firm but will also help in recovering the Company amount from them.

II The Committee was informed that in accordance with the earlier recommendations of the Committee the Company had approached the Rajasthan State Minerals Development Corporation which had replied that the Rajasthan State Minerals Development Corporation was not only doing mining work but was also doing exploration work for which the State Government was sanctioning suitable grants to the Corporation. The Committee is not satisfied with the reply of the Company that the Company cannot undertake exploration work just like the Rajasthan Corporation because it is beyond its jurisdiction. If we refer to the objects for which the Company was established exploration is one of the objects clearly laid down in the Memorandum and Articles of Association of the Company. The Committee therefore, strongly recommends that the Company should undertake exploration work also.

III The oral examination of the Company representatives and the Government department revealed that there was no Research and Development wing in the Company and that the Company for its mining operations was solely dependent on exploration carried out by the

Geological Department of the State Government or by the Geological Survey of India. The Committee was also informed that the marble and slate contents of the mines in Haryana are quite huge.

The Committee feel that if the exploration work is undertaken also by the Company and a separate R and D wing manned by specialists is maintained by the Company the working and profitability of the Company can improve to a great extent. The Committee therefore recommend that in addition to the exploration work done by the Geological wing of the State Government and by the Geological Survey of India the Company should also undertake the exploration work and an efficient R and D wing should be started by the Company.

IV The Committee is pained to learn that the tiles project stands abandoned and no progress has been made to re start the same. The Committee taking note of the fact that a private tile manufacturing unit at Kasar in Rohtak District is working quite satisfactorily and at a huge profit the Committee fails to understand why the company cannot run their project giving good working results. It is recommended that the Company should review the entire situation after obtaining expert technical opinion on the subject and the project should be re started.

V It is regretted that despite repeated recommendation by this Committee nothing fruitful had been done by the Company in the matter of investment of about Rs 15 lakhs in the Lime Project which is lying closed since 1976. It has been causing a heavy recurring loss to the Company in the form of interest and other over head charges. The Committee strongly recommend that immediate review in the whole matter should be undertaken and either the project should be scrapped once for all selling all the assets relating to the project including demolition of the lime kilns or immediate steps should be taken to re start the project. In any case, final action should be taken without any further delay in the matter.

VI The Committee was supplied with a statement showing the over head expenses which are as under —

Year	Amount (Rupees)
1979 80	16 01 607
1980 81	26,35,612
1981 82	36 39 360

The up rising trend in the over head expenses of the Company is not warranted and is not comparable to the actual operations undertaken by the Company. Such trend is unwarranted particularly because Tiles and Lime Projects of the Company have since been closed. The Company should take steps to reduce its over head expenses.

VII The Committee made a on the spot study of the factory and the mines. As a result thereof, the Committee recommends the following —

(i) The premises of the factory were found uncleaned unlevelled and disorganised. It is recommended that the entire premises should be levelled up and cleaned regularly. Separate store/enclosures should be provided for piling up various articles. Grass should be implanted wherever feasible in the premises. In short the factory premises should be kept clean and beautiful. This will not only increase the efficiency in the working of the factory but will also present a good view to the dealers and others visiting the same. In this connection the Committee recommend that the Public Health Department of the State Government should be approached to ensure regular and proper supply of water to this Company.

(ii) The Committee was distressed to find a huge waste of stone pieces of different sizes lying at the mines where mining operations are in progress. Such waste can be very effectively and profitably employed in making stone metal (rori) which is generally used in building construction roads etc.

The Committee therefore strongly recommends that at the mining sites the Company should install stone crushers of its own or private people should be made to instal their stone crushers to convert the waste stones into stone metal (rori). This will not only eliminate waste but will also bring revenue to the Company.

VIII The Committee observed that the Company could expand its activities to a great extent keeping in view the mineral wealth of the State but it was hesitant to do so on account of its marketing problems. In this direction the Committee has to offer the following recommendations —

- (i) The State Government should immediately instruct the Departments doing construction work in the State such as P W D Housing Board HUDA, Tourism Corporation etc that they should make best and maximum possible use of the products of this Company in their construction work and that in no case purchase such products from the market. The Architectural wings of these Departments should also see that their plans should be drawn in such a manner which consume the maximum possible products of this Company.
- (ii) The Company should expedite the work of allotting more agencies to the dealers which has already been undertaken -
- (iii) The Company should undertake extensive publicity programme through various media to make its products popular not only in the State but also throughout the country and abroad.
- (iv) The Company should take early steps to replace its out dated present cutting machines with an imported cutting machines of adequate capacity.

IX The Committee was provided with a statement showing break up of the staff of the Company. The Company has a staff strength of 384 persons including Managing Director and General Manager. During the course of oral examination it was revealed that

the labour employed particularly at the Slate Project and Mines was of casual nature and was being paid a minimum wage of Rs 8 per day on daily wage basis. The Committee was not satisfied with this state of affairs and feel that the working results of the Company will certainly improve if the labour (if not entire atleast a major part of it) is employed on regular basis and is paid a minimum wage of Rs 13 to Rs 15 per day. Besides it is also necessary that facilities such as Provident Fund, bonus, leave with wages, paid holidays etc etc are made available to the labour employed. These steps will certainly lead to a considerable increase in the efficiency and loyalty of the workers.

X. The Committee is constrained to find that there is considerable delay in the audit of the accounts of the Company. It was given to understand that the final accounts of the Company for the years 1981-82 onwards were not yet ready and the accounts since 1979-80 have not yet been audited. The Committee was also concerned at the fact that some serious objections raised by the auditors on earlier accounts have not been attended to by the Company, some of which are as under —

- (a) No satisfactory record has been maintained by the Company for production, sale and disposal of by products.
- (b) No physical verification of finished goods, stores and spare parts was made by the management. The control over production and stock is not adequate.
- (c) No internal control system is in vogue.
- (d) No unserviceable and damaged stores have been determined and no provision is made in respect thereof.
- (e) Sundry debtors include debts and advances of doubtful recovery for which no provision has been made.
- (f) Some employees against whom advances stand have left service.
- (g) Assets of the Company include depreciation value of lime kilns which hardly have any realisable value, and
- (h) Provident Fund has not been determined despite demand from the Provident Fund authorities.

In fact, the auditors have gone to the extent of indicating that the profits shown by the Company in its balance sheet may be quite misleading if their main objections are taken into account. This state of affairs can hardly be appreciated. The Committee strongly feels that there is no reason for the management to have become complacent in view of the fact that their accounts (still unaudited) for the last 3 years show some profits. The Committee strongly recommends that the Company and the Government should take urgent steps to ensure that the final accounts of the Company are audited expeditiously every year and that they should be drawn up in such a manner that they depict a clear and true picture of the financial conditions of the Company.



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## 8 APPENDIX

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# APPENDIX

## PRODUCTION AND SALE STATEMENT (IN QUANTITY AND VALUE)

Particulars	Production		Sale	
	Qty	Value	Qty	Value
(1)	(2)	(3)	(4)	(5)
<b>1973-74</b>				
1 Chips & powder	26443 bags	55 078 00	14717 bags	41,650 00
2 Unfinished & finished slabs	6835	57 749 00	3750'	40 425 00
3 Crazy	—	—	182 Qntls	5 405 00
4 Blocks at Mines	314 01" Cft	8 667 00	—	—
5 Lumps at mines	1274 000 tonnes	29,216,00	—	—
<b>1974-75</b>				
1 Chips & Powder	49438 bags	1 50 318 40	23027 bags	76741 14
2 Unfinished slabs	8960 7 Sft	60,544 20	5953 05 Sft	44,439 09
3 Finished slabs	2116 3 Sft	20,882 70	1543' 10" Sft	14,287 40
4 Crazy	255 94 Qntls	8,955 95	335 98 Qntls	11 977 80
5r Marble blocks	4231 7 Cft	1 21,410 00	—	—
6 Marble lumps	2587 000 tonnes	25 870 00	—	—

	1	2	3	4	5
<b>1975 76</b>					
1	Chips & Powder	39929 bags	83,222 00	40246 bags	1,18,721 96
2	Unfinished slabs	10459 6 Sft	92 108 25	8908 9' Sft	70 133 81
3	Finished slabs	491' 00 Sft	3 869 50	2664 10 Sft	26 414 71
4	Crazy	130 77 Qntls	3 620 94	540 20 Qntls	17 308 67
5	Blocks	2061 7" Cft	78 760 50	220 4 Cft	7,173 12
6	Marble lumps	2544 000 tonnes	25 440 00	—	—
<b>1976-77</b>					
1	Chips & Powder	12183 bags	24 366 00	13627 bags	41 762 21
2	Unfinished slabs	10454 00 Sft,	94 086 00	2595 2 Sft	21 918 18
3	Finished slabs	3934' 3 Sft	43 276 75	5233 11 Sft	42 767 56
4	Crazy	295 87 Qntls	14793 50	276 10 Qntls	13 445 64
5	Marble blocks	1334 00 Cft	33 350 00	410 8 Cft	10 938 04
6	Marble lumps	526 860 tonnes	10 537 20	—	—
<b>1977 78</b>					
1	Chips & powder	6500 bags	13 000 00	5701 bags	17 610 74



2	Unfinished slabs	8096' 1" Sft	72 889 70	2981 5" Sft	24 777 37
3	Finished slabs	1965 6 Sft	21 620 50	1671 10 Sft	21 444 67
4	Crazy	333 67Qntls	16 683 50	336 00 Qntls	17 975 72
5	Marble Blocks	1236 9 Cft	30 918 75	—	—

#### 1978-79

1	Chips & powder	18128 bags	36 256 00	16857 bags	50 772 05
2	Unfinished slabs	10631 11 Sft	94 697 48	1321 2" Sft	11 695 71
3	Finished slabs	4952 7 Sft	54 473 00	4663 10 Sft	59 381 91
4	Marble Crazy	402 03 Qntls	20 101 75	410 20 Qntls	23,722 79
5	Marble Blocks	1590 7 Cft	39 762 76	159 11 Sft	3,474 95
6	Marble lumps	829 050 tonnes	16 581 80	—	—

#### 1979-80

1	Chips & Powder	57542 bags	1 81 450 00	40123 bags	1 55 999 95
2	Unfinished slabs	2229 8 Sft	—	1941 6 Sft	15 702 06
3	Finished slabs	2265 8 Sft	24 284 55	2761 10' Sft	33 201 01
4	Crazy	242 64 Qntls	12 132 00	182 66 Qntlt	10 312 46
5	Marble Blocks	1175 3" Cft	29 381 33	—	—
6	Marble lumps	2358 000 tonnes	47 160 00	—	—

	1	2	3	4	5
<b>1980 81</b>					
1	Chips & powder bags	54346 bags	2 15 979 20	45226 bags	2 41 889 47
2	Unfinished slabs	6749 7 Sft	59 966 56	2334 0 Sft	29 208 53
3	Finished slabs	3869 01 Sft	21 965 04	4352 5"Sft	47 700 85
4	X Crazy	152 85 Qntls	6 845 50	221 50 Qntls	14 025 25
5	Marble Blocks	5721 8' Cft	1 43 041 63	—	—
6	Marble lumps	3724 596 tonnes	68 491 92	—	—
<b>1981 82</b>					
1	Chips & powder	50394 bags	2 32 818 75	32695 bags	1 89 028 04
2	Unfinished slabs	9455 9 Sft	1 22 831 88	5431 01" Sft	8 755 06
3	Finished slabs	5436 9" Sft	11 537 52	4985 4" Sft &	81 237 22
4	Crazy	289 35 Qntls	14 617 50	204 40 Qntls	15 835 51
5	Marbale blocks	2351 2 Cft	73,090 74	244 07 Cft	11 815 10
6	Marble lumps	1642 600 tonnes	32 852 00	29 360 tonnes	1 080 59
<b>April, 1982 to Jan , 1983</b>					
1	Chips & powder	50688 bags	1 99 776 00	31226 bags	1,70 259 69
2	Unfinished slabs	7352 03 Sft	85 225 72	2693 09 Sft	43,498 36
3	Finished slabs	2379 07 Sft	4 337 35	2366' 06 Sft	43 415 36
4	Crazy	146 00 Qntls	7,300 00	171 50 Qntls	12 908 69
5	Marble Blocks	1026 09' Cft	29 002 50	247 08" Cft	12 395 76
6	Marble lumps	2433 098 tonnes	48 661 96	—	—

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