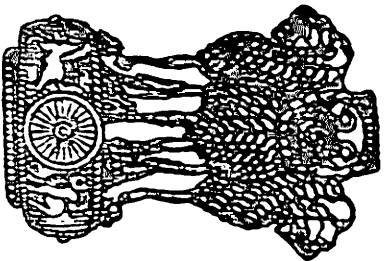
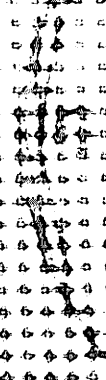


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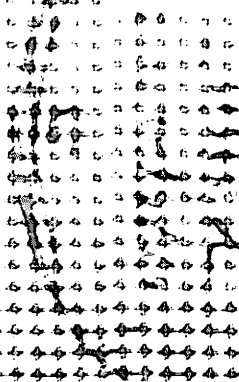
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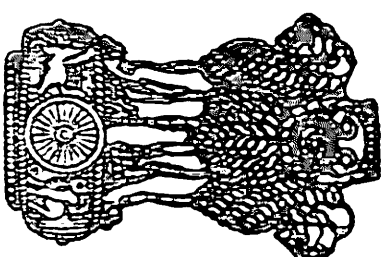
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MINISTRY OF PRODUCTION

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THE MINISTRY OF PRODUCTION

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## INTRODUCTION

The Ministry of Production came into existence in May 1952. The principal responsibilities of the Ministry of Production relate to (1) All Government industrial undertakings, excluding those specifically allocated to any other Ministry, (2) Production and distribution of salt, (3) Production and distribution of coal, and (4) Oil refineries. Among the important industrial undertakings are (i) Sindri Fertilizers and Chemicals Ltd., Sindri, (ii) Rajasthan Salt Sources, Sambhar Lake, (iii) National Instruments Factory, Calcutta, (iv) Nahan Foundry Ltd., Nahan, (Himachal Pradesh), (v) Hindustan Cables Ltd., Chittaranjan (West Bengal), (vi) Hindustan Machine Tools Ltd., Bangalore, (vii) Penicillin Factory, Pimpri (Bombay), (viii) Hindustan Shipyard Ltd., Visakhapatnam (Andhra), (ix) Hindustan Housing Factory Ltd., New Delhi, (x) D.D.T. Factory, Delhi, and (xi) The New Steel Plant to be put up in Orissa. Government are also considering the setting up of new factories for the production of heavy electrical equipment and synthetic oil and a second D.D.T. Factory.



## CHAPTER I

### A—INDUSTRIAL UNDERTAKINGS

#### 1. HINDUSTAN STEEL LIMITED

Efforts to enter into suitable arrangements with steel makers of established reputation for financial and technical association with the Government in the establishment of a new steel plant were continued in the year under review. Following discussions held by the Secretary of the Ministry in Western Germany during the summer of 1953, an agreement laying down the basic conditions of co-operation between the Government of India on the one hand and the well-known German firms of Messrs. Fried, Krupp, Essen, and Messrs. Demag Aktiengesellschaft, Duisburg, was signed at Bonn on the 15th August, 1953. As stipulated in this agreement, representatives of the two firms visited India later in the year and the arrangements for technical consultation and for the promotion of a Joint Stock Company to own and operate the new Steel Plant were finalised. Two agreements were signed on the 21st of December 1953 at New Delhi and on the same day a Company under the style of Hindustan Steel Limited was promoted with an authorised capital of Rs. 100 crores. The full texts of these Agreements have been laid on the table of both the Houses of Parliament.

2. Preliminary discussions were conducted with different parties in other important steel-making countries also, and it can well be claimed that the arrangements with the German Combine are the best that were feasible under the circumstances. The capital cost of the new Steel Plant has been estimated at Rs. 71.25 crores. The contribution of the German Combine in the shape of equity investment is expected to be approximately Rs. 9.5 crores, the precise amount of the investment being related to the value of the plant and equipment which they supply. Purchase of such plant and equipment will however be on a competitive basis, supply being arranged after the issue of global tenders. The German Combine will act as the technical consultants for the designing and erection of the Works and will also be in general charge of the construction. For their services as Technical Consultants, they will receive a fixed fee of DM 18.9 million (Rs. 2.10 crores) in addition to actual expenses in India subject to a ceiling of Rs. 70 lakhs. It is generally agreed that under the terms of the Agreement, the German Combine have undertaken far more responsibilities than are customarily within the scope of the consultants' functions and the amount of fees payable to them is on this ground more than justified.

3. The Steel Plant will have an initial ingot capacity of 500,000 tons per annum with provision for the capacity being doubled later. It is expected that simultaneously with the commencement of production, it will be possible to instal the additional capacity so that the production will rise to one million tons per annum 3 or 4 years thereafter.

4. The Plant will be in operation within 4 years of the date of the decision on its location, provided the ancillary facilities like railways, water and electricity are available. The recommendations of the Combine on the question of location were received by the Government of India on the 25th of January 1954. After further consultations with the State Governments concerned, the Government of India decided on the 15th February 1954 that the plant should be located at Rourkela in Orissa State.

5. Continued shortages in recent years have emphasised the need for expanding our steel production rapidly and in their effects on the various branches of industry have indicated the most desirable directions for future production. It has been made clear that the healthy development of economic life in the country is not possible without the removal of the bottlenecks that exist in the engineering industries, like wagon building, ship-building and various steel processing industries. The new Steel Plant will accordingly be planned to specialise in the production of plates, sheets and other flat products to feed these industries. Production of these items will also serve to give an impetus to the establishment of new industries like the manufacture of electrical equipment and of engines and boilers of different types. In fact, plans for the industrialization of the country can be successful only if the iron and steel industry can be developed rapidly to a level commensurate with the needs of the expanding economy. The new Plant will assist in reaching the objective to the extent that it largely covers the shortage between the demand for steel and the supply available from the existing undertakings after the completion of the expansion programmes.

## 2. SINDRI FERTILIZERS AND CHEMICALS LIMITED

### 1. Management

The Sindri Fertilizer Factory, built by the State at a cost of over Rs. 23 crores is under the management of a private limited company. The Board of Directors which includes both officials and non-officials meet ordinarily once a month. The first Annual General Meeting of the Company was held at Delhi on the 16th June 1953. The annual accounts, the Chairman's speech, the report of the Board of Directors are at Appendix I.

The Company had the services of three U.N. technical experts placed at its disposal in an advisory capacity.

### 2. Financial Position

The first Annual Report of the Company with the audited statements of accounts for the period from 16th January 1952 (when the Company took over the project from the Government) to the 31st March 1953 showed a gross profit of Rs. 2.71 crores. Out of this, the Directors appropriated towards depreciation an amount of Rs. 1.6 crores and a further amount of Rs. 48 lakhs towards additional provision for repairs. Out of the balance of Rs. 62 lakhs, Rs. 35 lakhs were utilised for paying interest on loans from the Government and Rs. 26 lakhs in writing off development expenditure, leaving a net profit of Rs. 95,000 to be carried forward.

The depreciation of Rs. 1.6 crores was arrived at on the basis of "Straight line" method, estimating the average life of the plant and machinery at approximately 10 years. It is the experience of chemical factories abroad that over a period of years the expenditure on repairs tends to approximate to 5 per cent of the original cost of the plant and machinery. On this basis the normal expenditure on repairs for the period would have been approximately Rs. 87.37 lakhs, as against the actual expenditure of Rs. 38.84 lakhs. It is for this reason that the Directors have appropriated a further sum of Rs. 48.53 lakhs towards repairs. The sum of Rs. 26 lakhs towards development expenditure represents a portion of the considerable amount spent on training of staff both in India and abroad, for the maintenance of town, roads, buildings and on other items which did not result in the acquisition of any asset by the Company. This expenditure is intended to be written-off over a short period of years according to the availability of profits for this purpose.

### 3. Production

Production was commenced on the 31st October 1951. It amounted to 7,445 tons in the two months of 1951, 172,514 tons in the year 1952 and 265,704 tons in 1953. Production during the year has not fulfilled earlier expectations, inasmuch as the anticipated figure of production of ammonium sulphate at an average of 1,000 tons per day was not reached. This short production is mostly due to certain plant troubles which, though not an abnormal feature in a factory of this size and complexity, have been considered important enough to merit careful investigation by top-ranking engineers and the original designers. The load on maintenance has been unusually heavy. Very valuable experience has, nevertheless, been gained by the staff at Sindri which should serve the factory well in future and help in achieving the target for production.

#### 4. Distribution

Distribution of Ammonium Sulphate continued to be made by the Central Fertilizer Pool operated by the Food and Agriculture Ministry. The increased production as compared to the previous year enabled the Company to further reduce the price of the fertilizer to Rs. 285/- per ton F.O.R. Sindri which was brought into effect from January 1953. This price compares very favourably with the landed cost of imported fertilizers. Steps have been taken by the Food and Agriculture Ministry to improve further the system of distribution in the various States and it is expected that the year 1954 will show a definite advance, in the availability of the fertilizer to the consumer at the time and place he needs it, as well as at the price which he is required to pay.

#### 5. Transportation

The Company has this year (upto 14th January, 1954) despatched 2,11,991 tons of ammonium sulphate as against 1,78,857 tons during the previous year. The present factory yard is being remodelled to afford easier manipulation of wagons and their lesser detention.

#### 6. Catalyst Plant

The normal operation of the factory requires about 140 tons of iron-oxide (Catalyst) annually for Oxidation of carbon monoxide. This catalyst has so far been imported from America at a cost of Rs. 10,000 per ton at Sindri. The construction of a Catalyst Plant was taken up departmentally in March 1952 at a cost of Rs. 3.5 lakhs. The plant was completed and the pilot production started on the 1st of October 1953. The plant is now being worked at the maximum capacity and will help in dispensing with the need for imports in future. The estimated cost of the catalyst produced at Sindri comes to about Rs. 2,500 per ton.

#### 7. Expansion Scheme

**Coke Oven Plant.**—The construction of the Coke Oven Plant to produce 600 tons per day of coke by Messrs. Carl Still of Germany has progressed according to schedule and the plant is expected to go into operation in the month of August/September 1954. The construction of the bye-product plant to manufacture Benzene, Benzol, Naphthalene and Tar is also proceeding according to schedule.

**Cement Plant.**—The Associated Cement Companies of India have taken up the construction of a cement plant for the production of 300 tons of cement per day to start with. The calcium carbonate

sludge from this factory would form the raw material for the production of cement. The income derived from the sale of sludge to Messrs. A. C. C. would result in a significant reduction of the price of the Ammonium Sulphate.

#### 8. Indian Fertilizer Mission

With the assistance of the Technical Co-operation Administration of the U.S.A., a Fertilizer Mission was appointed by the Government of India in the month of February 1953 headed by Shri B. C. Mukharji, I.C.S., the then Managing Director of Sindri. The Mission visited Europe, North America and Japan to study and observe Urea and/or Ammonium Nitrate manufacturing processes and select types of processes suitable to conditions in India in connection with the proposed expansion of fertilizer products at Sindri. On the recommendations of the Fertilizer Mission tenders have been invited from five foreign firms for the proposed expansion scheme on the basis of production of 35 tons of urea and 180 tons of ammonium nitrate per day, or alternatively for 70 tons of urea and 110 tons of ammonium nitrate per day, making use of a portion of the waste gases from the coke ovens being installed.

#### 9. Apprentices Training Section

During 1953, Apprentice Training Section's work covered mainly the setting up of the Organisation, and preparation for calling apprentices at Sindri. The following gives a brief summary of the work done:—

1. **Selection of staff and Apprentices:**—The selection and recruitment of staff for Apprentice School and Graduate Apprentices was completed. Six Graduate Apprentices (later on increased to nine) joined during the year and have now completed 6-8 months of training satisfactorily. 40 Trade Apprentices were also selected. These Apprentices have not yet joined, only because it has not been possible to arrange residential accommodation for them.
2. **Buildings—School, Hostel and Work-shop:**—Final plans and estimates for all the buildings required for the scheme were prepared. The construction of School building was started in November, and is nearing completion.
3. **Workshop and School equipment:**—Purchase Orders were placed for School and Workshop equipment, Library books, Laboratory equipment and furniture requirements. A good part of the materials ordered have been received.

4 *Vocational practical training to engineering students:—*The training section arranged for short term (2-3 months) practical training of 6 Fuel Technology and Chemical Engineering students of Banarus Hindu University. Twenty students of Bihar Institute of Technology were also provided facilities for similar training for one-to-two months. Projects and schedule of training for four chemical engineering students under Government of India stipendary training scheme were finalised.

5. *Part-time training scheme in connection with Bihar Institute of Technology:—*A six months (February-August) course of training for factory employees was started in connection with Bihar Institute of Technology. Separate syllabus for sections Electrical, Mechanical Maintenance and Power Plant was worked out. About 163 employees from different plants joined this course.

## 10. Industrial Relations

The Management's relations with workers have on the whole been happy, marked by a spirit of co-operation and understanding on both sides. All disputes were settled by mutual discussions and no reference to the Labour Tribunal was found necessary. Assistance from the Labour Officers of the Government of Bihar was always forthcoming. The welfare of workers has been the special concern of the Management. Recreational activities in the form of sports, dramas etc. were fully encouraged.

*School.*—To cater to the educational needs of workmen at Sindri, the Management has at present 2 high schools, one for girls and the other for boys, one middle school, one upper primary school, 2 lower primary schools and a kinder-garten school. The kinder-garten school is subsidized by the Company, although it is being managed by a Managing Committee consisting of local representatives.

The schools are at present accommodated in temporary buildings but the company has approved the construction of permanent buildings at a cost of Rs. 1.5 lakhs.

*Medical.*—The health of workers of the factory has been the special concern of the Management. In the absence of a permanent building for the hospital and the dispensaries, arrangements have been made to accommodate them in temporary buildings but the construction of a permanent hospital is in hand and by the end of 1954 it is hoped that a hospital with 50 beds (to be extended later to 100)

would be ready. This hospital would be fully equipped on modern lines. All the employees of the factory together with their dependents are entitled to free medical treatment.

## 11. Township

The ultimate object of the Management is to provide each and every worker with a suitable house fitted with electricity and sanitary services. With this aim in view, the construction programme was vigorously followed during the year under report. 586 lower type houses were constructed under the Industrial Housing Scheme. With this addition during the year, accommodation for 82 per cent. of employees has been provided.

Apart from residential houses, the need to have parks and avenue trees was not ignored. Six new parks were laid out and 500 avenue trees planted during the year.

## 12. Publicity and Public Relations

Publicity when properly directed should form an important limb of an industrial organisation of the size of this factory. A Publicity and Public Relations Department of this factory was organised in December 1951. During the year, 72 articles and press releases were issued. A monthly magazine in English was issued regularly from January 1953. The object of this magazine is to bring to the notice of all concerned the day to day progress and activities of this national undertaking and to popularize the use of fertilizers. It is proposed to issue a Hindi version of this magazine shortly.

*Film.*—A documentary film on Sindri showing different phases in production and despatch is ready for exhibition.

*Visitors.*—During the year under report, as many as 4000 visitors were taken round the factory. Out of these, about half were students from different Engineering Institutions.

Important foreign delegations who visited Sindri included Delegates to the Consultative Committee of the Colombo Plan Conference, Indonesian Trade Delegation, Burmese Government Mission, Iranian Press Delegation, Australian Press Delegation and the Japanese Trade Delegation.

## 3. HINDUSTAN SHIPYARD LIMITED

The Visakhapatnam Shipbuilding Yard commenced the year under review with a scheme of overall development which is planned to increase the capacity of the shipyard ultimately to about 6 ships

per annum from the present capacity of about 2½ ships. The yard is now equipped with 3 slipways suitable for building ships ranging from 320 to 550 ft. in length and from 5,000 to 15,000 tons in deadweight. Two new berths 500 ft. and 250 ft. long respectively are at present under construction.

2. The Yard employs about 2,800 workmen and about 500 other staff. The Housing Colony provided for them extends over an area of 144 acres and caters for the requirements of all categories of workers and employees. The Colony has been built according to modern principles of town planning. A free primary school, a free dispensary and maternity centre and spacious play-grounds for children are among the amenities at this colony.

3. The Five Year Plan envisages the construction of 150,000 deadweight tons of shipping. Out of this programme, five ships of 8,000 deadweight tons each have already been completed, and two similar ships have been launched and are being fitted out. Three 7,000 tonners of a new design, to be equipped with Diesel engines, are on the slipways. The shipyard has thus either completed or has in hand a total of 77,000 dead weight tons. With the orders that are now on the books (these include some from the Indian Navy), the yard will be in a position to fulfil the plan substantially.

4. In the terms of the Agreement entered into by the Hindustan Shipyard Limited with the French firm La Societe Anonyme des ATELIERS ET CHANTIERS de la LOIRE, Paris, the latter submitted a Project Report for the development of the shipyard on modern lines. The Board of Directors considered these recommendations originally estimated to cost about Rs. 265 lakhs. In view, however of the uncertain freight position, the availability of ready ships in foreign countries at moderate prices and the likely demand for ships built at the yard, it was felt that a development scheme involving an expenditure of Rs. 265 lakhs would perhaps not be justified. The Board of Directors accordingly re-examined the matter and proposed a less expensive development project for immediate implementation which would cost approximately Rs. 180 lakhs. The scheme has been approved and a number of the urgent items included in it are already being executed. The Government have advanced to the shipyard Rs. 60 lakhs during the years 1952-53 and 1953-54. The scheme includes the construction of three building berths, the extension of craneage facilities and of the machine shop and the addition of a prefabrication bay. As a result of the development programme, the output of the shipyard which at present is about 2½ vessels per year of 8,000 DWT each will expand to 6 vessels of the same capacity.

5. The Shipyard had been carrying a large number of labourers to whom it was not possible to allocate any work. The question of retrenching this surplus labour force had been under consideration for a long time and then it was decided to retrench 813 men, from the 1st April, 1953. This figure was calculated after allowing for the labour requirements of the yard consequent on its expansion. The Shipyard Labour Union however did not accept this retrenchment and went on strike. The dispute was ultimately referred to the mediation of Shri Justice Mehr Chand Mahajan, a judge of the Supreme Court of India and he decided that the retrenchment was justified and that the Company might retrench 800 men. The men to be retrenched would be found in the following order, viz., medically unfit workers, those above the age of 58, and volunteers and as far as the rest, selection for retrenchment would be on the principle of "last come, first go". The last-mentioned men would be given the first option of re-employment in the case of fresh recruitment. Effect has been given to the award of the mediator, and this has resulted in an annual saving of about Rs. 10 lakhs to the shipyard.

6. Owing to the insufficiency of rolling capacity in the country, the Shipyard has been unable to obtain in time the required quantity of steel plates in the right sizes and in the necessary sequence. It is hoped that when the proposed new Steel Plant goes into production, this difficulty will be met. Meanwhile, arrangements have been made to import part of the shipyard's requirements of steel plates from overseas.

7. The need for a Dry Dock suitable for large ocean-going ships has been felt for a considerable time. Its absence makes it difficult for the shipyard to secure ship-repair jobs besides being a matter of general inconvenience to all users of the port. Government have, therefore, decided that a Dry Dock estimated to cost roughly Rs. 1½ crores should be constructed at Visakhapatnam by the Hindustan Shipyard Limited. A detailed scheme is being drawn up.

8. Government are alive to the necessity of manufacturing ships' engines, boilers, components and other auxiliary equipment in the country. These have for the present to be imported from abroad. The main difficulty is that demand for any particular type of engines or auxiliaries is comparatively small in volume with the result that their manufacture whether in the shipyard itself or elsewhere in the country might not be economic, and they might cost more than comparable imported machinery. The financial aspect is however not the only one to be considered and this matter is under careful examination by the Government.



9. The Hindustan Shipyard Limited completed their first year of working on the 31st March, 1953. The net loss suffered by the Shipyard during that period was Rs. 15,47,616. Government have decided to pay a special subsidy of Rs. 15 lakhs on this account to enable the shipyard to meet this loss.

10. A statement showing details of the ships built or being built at the Visakhapatnam Shipyard is given below:

Name of ship	Displacement	Date of completion	Date of delivery	To whom sold
1. "JALASHA" (600 DWT)	600	11-1-48	11-1-48	M/s. Scindia Steam Navigation Co. Ltd. these ships in account.
2. "JALAPRABHA" (D)	600	2-11-48	31-3-49	
3. "KUTUBTARI" (245 DWT)	245	18-12-48	19-5-49	
4. "JALAPRAKASH" (800 DWT)	800	5-8-49	14-12-49	
5. "JALAPANKH" (D)	600	6-12-49	31-3-50	
*6. "JALAPADMA" (D)	600	11-9-50	14-1-51	Scindia Steam Navigation Co. Ltd.
*7. "JALAPALAKA" (D)	600	27-12-50	29-3-51	
*8. "BHARATMITRA" (D)	600	28-9-50	26-3-51	M/s. Bharat Line Ltd.
*9. "JAGRANI" (D)	600	9-5-51	15-12-51	M/s. Great Eastern Shipping Co. Ltd.
*10. "JALAPRATAP" (D)	600	9-5-51	27-2-52	M/s. Scindia Steam Navigation Co. Ltd.
*11. "JALAPUSHPA" (D)	600	26-12-51	9-7-52	Do.
*12. "BHARATRATNA" (D)	600	21-7-52	30-9-52	M/s. Bharat Line Ltd.
13. "JALAPUTRA" (D)	600	21-7-52	9-11-53	Scindia Steam Navigation Co. Ltd.
14. "V. C. 116" (Maierform)	(700 DWT)	1-8-53	...	Do.
15. "V. C. 117" (Maierform)	(D)	30-9-53	...	Do.
16. "V. C. 119" (Maierform)	(D)	16-12-53	...	Do.

\*Note. - These six ships were ordered by Government.

11. The first Ordinary Annual General Meeting of Hindustan Shipyard Limited was held in Bombay, on the 20th July, 1953. The annual Accounts and the Chairman's speech are at Appendix II.

#### 4. HINDUSTAN MACHINE TOOLS LIMITED

The importance of the machine tool industry for the rapid industrialisation of the country needs no emphasis. During the last war there was a remarkable increase in the production of machine tools and in 1947 there were 24 graded firms and about 100 ungraded firms

manufacturing machine tools. With the partition of the country, however, the industry was disrupted and its capacity reduced. The annual value of the graded machine tools at present manufactured in the country has dropped to below Rs. 40 lakhs and production is essentially confined to simple and primary types of machine tools. There is a considerable demand for the manufacture and production of precision types of modern machine tools. It is for this reason that the Government of India entered into an agreement with the Swiss firm of Oerlikon Machine Tool Works, Buherle & Co. of Zurich for the purpose of establishing a Machine Tool Factory in the country. The Swiss firm will provide the technical 'know-how' of machine tool manufacture, technical experts and keymen, equipment, figs, tools, fixtures etc. The agreement envisages the manufacture of 900 high speed lathes, 460 milling machines and 240 heavy duty drilling machines per year. A gear cutting shop and a foundry are also incorporated in the project programme. The estimated total capital cost is about Rs. 8.37 crores. The annual value of the output of the factory when in full production is estimated at over Rs. 4 crores.

2. The factory is being put up at Jalahalli near Bangalore on land made available free of cost by the Government of Mysore. It was expected that the production would commence towards the end of 1953, but there have been certain unavoidable factors which have delayed the production schedule. The layout and other details had to be revised to incorporate further improvements and these interrupted the progress of work on the two hangars which will house the machine shop and the auxiliary departments. It is expected that the hangars will be ready for the installation of machinery by the end of March 1954. A substantial portion of the machinery has already arrived and some more is in transit. It is expected that production will commence about the middle of 1954. As a preliminary stage of the project, it is proposed to confine production to the manufacture of 400 high speed lathes of 8½" centre. The production capacity is capable of being diverted for the production of other tools in due course.

3. Buildings to accommodate technical offices, stores, laboratory and other ancillary equipment are under construction, and will be completed about the same time as the hangars are ready. A third hangar for the assembly line has been considered necessary. Construction of the residential colony has also been taken up. The first stage, when completed, will provide accommodation for 15 senior officers, 27 junior officers, 50 assistants and 100 workers.

4. The control and management of the factory was transferred on the 1st of March 1953 to the Hindustan Machine Tools Ltd., a private limited company registered under the Indian Companies Act. The

Swiss firm have contributed 10 per cent. of the capital, the remaining 90 per cent. being held by the Government of India.

5. It is expected that in the initial stages the Company will need to employ a substantial number of foreign expert technicians for production as well as for training of Indian personnel. These technicians will be employed on contract for period ranging from one to three years. Ten of them are already at Jalahalli, while 15 are doing planning work for the factory with Oerlikons. The remaining staff will arrive in small batches as and when required during the year 1954. Five of the Indian Officers of the Company are at present undergoing an intensive course of training at Oerlikons Machine Tool Factory.

#### 5. HINDUSTAN CABLES LIMITED.

India's requirements of paper insulated, lead covered and armoured telephone cable, at present met entirely from imports, is of the order of Rs. 1½ crores a year. The annual demand of the Posts and Telegraphs Department was conservatively estimated in 1949-50 to be at least Rs. 80 lakhs. The estimated minimum demand was considered adequate to justify the establishment in India of an economic unit of production, and the Government of India decided that in this vital communication industry India should not continue to depend entirely on foreign countries. After consideration of a project report submitted by a Special Officer appointed for the purpose, it was finally decided to set up a factory with the technical assistance of foreign manufacturers at an estimated cost of Rs. 110 lakhs. An agreement was entered into with Messrs. Standard Telephones and Cables Ltd. of the United Kingdom and the detailed planning of the factory was undertaken.

2. The bulk of the plant and machinery was ordered mainly through the DGISD, London, over a period of nearly 10 months from July 1951 to May 1952. The deliveries commenced largely from November 1952 and were spread over the whole of 1953, leaving just a few outstanding items to be shipped in January and February, 1954. The erection of the plant and machinery has been in progress mainly during the last quarter of 1953 and is expected to be completed by the end of March 1954.

3. The construction of the factory and office buildings was entrusted to the Central P.W.D., who were able to arrange for the erection of steel structures to start effectively about the middle of 1952. The steel structure was completed about February 1953 and the construction of the walls, floors, foundations, doors, windows and other details

was very largely completed by stages upto September 1953. Execution of the outstanding work has since been maintaining pace with the requirements of plant and machinery installation.

4. Consistent with the progress of construction of the factory buildings, a time schedule was drawn up in early 1953 in consultation with Standard Telephones and Cables Ltd., based on factual delivery promises, to complete installation of the plant and machinery and commission the factory by March/April 1954 for the production of armoured cables as required by the P. & T. It was anticipated in the schedule that the first stage of production of unarmoured cable might be achieved by December 1953, but certain delays in the plant deliveries prevented realisation of this target. The present position indicates that the first stage could be reached by the end of March 1954, when the factory would be ready for the production of armoured cables; the production of armoured cables could probably begin in May 1954.

5. The Drum Shop for the manufacture of cable drums was completed and commissioned in the middle of December 1953 and manufacture of drums has been in progress. The Insulating, Twisting and Stranding shop has been practically completed and trial production commenced. The initial commercial production of unarmoured cable will commence when the installation of one or two other major machines has been completed.

6. The Raw Material Inspection Room for testing raw materials is ready. The principal raw materials used in the telephone cable manufacture are copper, paper, cellulose string, lead, bitumen, jute and hessian, steel tape and galvanised wire.

7. Subsequent to placing the contracts for the buildings, plant and machinery, and after the factory had made fair progress, a limited company was constituted in August 1952 in the name of HINDUSTAN CABLES LIMITED, owned and financed by the Government of India, and under the overall control of the Ministry of Production. The factory is located at Rupnarainpur, near Chittaranjan, about 140 miles north-west of Calcutta in the industrial belt of the Damodar Valley. The technical personnel of this factory have been trained in the U.K. in the works of the Consultants specialising in various departments over a period of 12 months, and they have taken up their respective positions in the factory in the erection of individual sections preparatory to taking over charge of production therein.

8. The factory has been planned to produce about 470 miles length of cables of different specifications valued at nearly a crore of rupees

at the present price levels. The inauguration of this factory will help in the expansion of field of communications in India, and contribute further towards the growth of industry and commerce.

9. Construction of a residential colony is nearly complete with the exception of roads and service drains which are in progress, and the residential quarters have been occupied by the staff since December 1953. Occupation of all the quarters will continue according to allotments to be made to the factory workers who may be absorbed on regular production.

10. The First Annual General Meeting of the Hindustan Cables Limited was held at Chittaranjan on 26th January 1954. The Chairman's Report and the Balance Sheet as on 31st March, 1953 are at Appendix III.

#### 6. PENICILLIN FACTORY

In January, 1949, the Government of India decided to set up a State concern for the manufacture of Penicillin. Towards the end of 1950, an offer of monetary and technical assistance for the establishment of the factory was received from the WHO/UNICEF which was accepted by the Government of India and an agreement was concluded with the organisations on the 24th July 1951. Under this agreement, the Government is to provide land for the factory and other buildings necessary for running it and also fittings, administrative offices, laboratories, pilot plant, workshop and other services such as steam plant, electric sub-station, sewage disposal and water etc. at an estimated total cost of about Rs. 1,30,00,000. UNICEF is to supply all the imported equipment of the value of about \$850,000 and WHO will arrange and provide technical assistance involving an expenditure of about \$350,000.

2. The Factory is planned to produce 3.6 million mega units of penicillin per year to start with, rising to 9.0 million mega units per year ultimately.

3. With effect from the 1st July, 1953 the United Nations Technical Assistance Administration have taken over from the WHO the responsibilities undertaken by the WHO under the agreement referred to above.

4. A site extending over about 200 acres of land in Pimpri (near Poona) has been acquired for the factory. Buildings for the Workshop, Boiler House, Services Buildings, Cafeteria and the Stores Buildings have already been completed and the installation of machinery in these has commenced. The construction of the remaining non-residential buildings, such as Fermentation, Extraction,

Research Laboratory, for the factory is in progress and is expected to be completed by the middle of 1954. About three-fourths of the Plant and equipment for the factory has either arrived or is on the way. It is expected that the Factory will go into production sometime towards the latter part of 1954.

5. Out of the 12 officers recruited for the factory by the U.P.S.C. and to be trained abroad in Penicillin Technology on WHO/UNICEF Fellowship, eleven have already been sent, and four returned to India after completing training. The twelfth officer is likely to proceed abroad soon.

6. The Penicillin Bottling Plant managed by the Indian Penicillin Committee constituted by the Government of India imported 13.5 lakh mega units of bulk penicillin and produced 22.95 lakh vials of bottled Penicillin upto 31st December, 1953. All other raw materials excepting penicillin vials, the required quality of which is not available in India, were obtained from indigenous sources. The price of bulk penicillin has fallen considerably and the Committee has been able to obtain a gradual reduction in the prices of all other raw materials. During this year, an Aluminium Cap Making Machine was obtained and it has considerably reduced the cost of this item of manufacture.

7. The average rate of production in the Plant is 200,000 vials a month. Sales during the year upto 31st December 1953 amounted to Rs. 17.5 lakhs. The working of the Penicillin Bottling Plant has eliminated effectively the tendency for rising prices prevailing previously. The distribution of the product has been entrusted to two selling agents.

8. The Bottling Plant was established as a prelude to the manufacture of penicillin. When the manufacture of penicillin is established at the State factory at Pimpri, the plant which is now at Bombay will be transferred to Pimpri.

#### 7. D.D.T. FACTORY

The Government of India have decided to establish a factory in Delhi for the production of D.D.T. A Joint Plan of operation in this connection was concluded between the Government of India, UNICEF and UNTAA on the 19th July, 1952. Under this, the UNICEF will supply all the equipment involving an expenditure of \$2,50,000, UNTAA will arrange and provide all technical assistance for the factory involving an expenditure of \$1,00,000 and the Government of India will arrange for the provision of land, buildings, steam, water, electricity etc. etc., at an expenditure of Rs. 22,45,000.



2. A site adjacent to Messrs. D.C.M. Chemical Works, Delhi, has been chosen and an agreement has been concluded with the Delhi Cloth & General Mills for the supply of the principal raw materials: steam, water, oleum, chlorine and alcohol.

3. The construction of the factory buildings has been entrusted to the Central Public Works Department and was commenced on the 2nd November 1953. The buildings are expected to be completed by June 1954.

4. The entire Plant and Equipment for the D.D.T. Factory supplied by UNICEF has arrived in Delhi. Erection and installation of the plant and machinery will be undertaken through suitable contractors before the end of the financial year and will, to some extent, progress side by side with the construction of the buildings.

5. The factory which is designed to produce 700 tons of D.D.T. per year is expected to be ready for production by September 1954.

#### 8. NATIONAL INSTRUMENTS FACTORY

The National Instruments Factory had its origin as the Mathematical Instrument Office, founded in 1830 for the maintenance and repair of precision instruments like theodolites required by the Survey of India. It is one of the oldest, if not the oldest, factory in India engaged in the manufacture and repair of scientific and mathematical instruments. The factory still specialises in repair work of not only survey instruments but also almost every type of precision instruments. Its services are utilised for this purpose by the Union and State Governments, semi-Government bodies in India and also by neighbouring countries like Afghanistan, Burma and Pakistan. During the last war, it became a full-fledged factory for the production of survey, drawing, mathematical and optical instruments. Among the other lines of manufacture of the factory can be mentioned excise apparatus, hydrometers, measuring cylinders, barometers and manometers. Some of the latest developments are the student's microscope, concentration eye-piece, Fortin's barometer, drafting machine and profile projector. The standard of quality and price of the products compare favourably with those of imported instruments. In some cases, the prices are even lower.

2. To review the organisation of the Factory and to determine the lines on which it might be adapted or expanded to meet the country's present day requirements of mathematical and scientific instruments, an expert Committee was appointed in December 1947 under the Chairmanship of Prof. G. R. Paranjpe. The Committee recommended large scale re-organisation of the factory and formulated its plans under two heads, short-term and long-term. In the short-term plan, it recommended that efforts should be made to treble the production of the factory within three years.

3. The importance of these recommendations was recognised by the Planning Commission who provided for a total expenditure of Rs. 182 lakhs in the period of the Plan for the re-organisation of the factory. To start with, a scheme costing about Rs. 80 lakhs has been approved. This comprises acquisition of land, construction of new buildings for the factory, purchase of certain new machines and manufacture of two new items—optical glass and linen measuring tape.

4. Land measuring 8.3 acres near the College of Engineering and Technology, Jadavpur, in Calcutta has been acquired at a cost of Rs. 8.64 lakhs. The C.P.W.D. is already proceeding on a priority basis with the construction of new buildings at an estimated cost of Rs. 28.54 lakhs. Several new machines have been acquired for the factory and some progress has been made in the manufacture of linen and steel measuring tapes. The proposal for the manufacture of optical glass is still under consideration.

5. Production and repair work in the factory during the year 1952-53 amounted to Rs. 18.15 lakhs showing an increase of 56 per cent. over that of 1949-50; 47 per cent. over that of 1950-51 and 29 per cent. over that of 1951-52. During 1953-54, the same level of production is expected to be maintained. Among the important new items produced in the factory are the theodolite, both for Civil and the Defence Departments, high temperature thermometers and Rod Stadia. A nucleus Research and Development Section has been established in the factory for the development of new items and improvement of the methods of production. Development of new items like travelling microscope, workshop measuring microscope, Cathetometer, Plankton Sampler and certain types of survey levels has been taken up. New processes for sealing the high pressure mercury thermometers and for photo-etching of scales have been evolved in the factory.

6. Two German experts have been re-engaged in the factory. Seven stipends have been established in the factory by the Ministry of Education for the training of Applied Physics and Engineering Students in instrument technology, the selection of students being made on an all-India basis.

#### 9. HINDUSTAN HOUSING FACTORY LIMITED

On account of certain technical and other difficulties, the Factory set up by the Government of India in 1948 for the production of prefabricated houses at low cost could not go into production. On the recommendations of two Committees which examined the question, the Government decided in August, 1951 to abandon the original scheme and to explore new avenues for putting the factory into profitable use.

2. After negotiations with various parties, it was finally decided that the factory should be utilised to produce foam concrete roofing slabs, pre-stressed concrete components, wood-work in standardised patterns and for steel fabrication, in association with Messrs. Basakha Singh Wallenberg Ltd. An Agreement between the Government of India and Messrs. Basakha Singh Wallenberg Ltd. was signed on 6th December 1952. In accordance with the terms of the agreement, the Hindustan Housing Factory Limited was incorporated in Delhi on 27th January 1953, with the Government of India and Messrs. Basakha Singh Wallenberg Ltd. as equal partners. The paid up capital of the company is Rs. 1 lakh.

3. The Hindustan Housing Factory Ltd. immediately deputed their representatives abroad to secure the necessary additional machinery and experts from Europe with the help of the European partners of Messrs. Basakha Singh Wallenberg Ltd. After completing the preliminary arrangements in this direction, they took over on 1st April 1953 the buildings, plant and machinery of the Government Housing Factory on lease. The original book-value of the capital assets thus leased out is over Rs. 55 lakhs. Since then, they have reconditioned and repaired the existing buildings and plant and re-equipped the factory so as to make it suitable for taking up the new lines of manufacture. Pipe making plant was completed in September 1953 and has since been in production. About 33,000 running feet of pipes have been produced. Wood-work machinery has been newly installed and has been in production since November 1953. Machinery for the seasoning plant has been ordered and the construction of the seasoning chamber is in hand. The factory has already supplied joinery worth about Rs. 25,000 and orders for about Rs. 3 lakhs are in hand. The installation of the pre-stressed concrete plant was completed in December, 1953, and experimental production has been commenced. Some sample pieces have been installed in the International Low Cost Housing Exhibition. The Factory is also ready for steel fabrication and has recently obtained an order worth about Rs. 450,000 for the supply of semi-prefabricated hangars. It is expected that in the course of the year 1954, production along all the lines of manufacture will be in full swing.

#### 10. NAHAN FOUNDRY LIMITED

Nahan Foundry Limited, Nahan (Himachal Pradesh) was incorporated on the 20th of October, 1952 and the Government of India transferred the Nahan Foundry to the Company as from 1st January, 1953. It is being managed by a Board of Directors appointed by the President. The Foundry is one of the oldest Engineering Institutions of its kind in Northern India and occupies an important place in the industrial and agricultural economy of Himachal Pradesh and the

Punjab. Its Works at Nahan are laid out for the mass production of cane crushers, sugar boiling pans and other miscellaneous utensils required by gur manufacturers. The capital-at-charge of the Company is Rs. 40 lakhs.

2. During the current year, the Foundry launched a programme of production of new items, the important amongst which are:—

- Centrifugal pumps of different sizes and types.
- Paddy thrashers—paddle-driven and power-driven.
- Corn sheller—a locally designed machine used for separating maize from its cobs.
- Special steel light type ploughs.
- Bullock-driven pumps to replace the Persian Wheel.
- Improvements and some changes in bullock-driven and power-driven flour mills have been made for efficient and smooth running. The improved bullock-driven flour mill is becoming very popular.

(g) Improvements in the power-driven cane crushers have been made so as to make it run lighter and give better output.

3. The principal items manufactured during the year (1st April, 1953 to 31st December, 1953) and the volume of production are detailed below:—

S. No.	Name of Item	Production
1	Cane Crushers	1,777
2	Sugar boiling pans	15
3	Corn shellers	52
4	Centrifugal pumps	136
5	Chaff-cutters	66
6	Paddy thrashers	20
7	Ploughs	105
8	Anghithies	159
9	Pestle mortars	62
10	Hamam Special	15
11	Fire buckets	332
12	Rifle racks	22
13	Trunks G.I. & B.S.	15
14	C.I. Shoes	223
15	Turn Buckle	96
16	Flour mills	12

4. Most of the current production has already been sold. The sales during the current year, especially in the case of cane crushers, have been higher than those of last year.

5. After partition, the main markets for the Foundry's products are U.P. and Punjab. Previously, certain areas which are now in West Pakistan were consuming the foundry's entire production of cane crushers.

6. The tentative programme of production for the next year (1954-55) is as under:

(i) Cane crushers	1500
(ii) Spare parts, especially A. B. & C. rollers, for replacements in the hiring agencies and sales to the customers	500 each or more according to demand.
(iii) Centrifugal pumps in different sizes	500
(iv) Paddy thrashers	250
(v) Water pumps	500
(vi) All-Steel ploughs	200
(vii) Corn Shellers	100
(viii) Flour mills, bullock-driven	35
(ix) Chaff-cutters	2200
(x) Hammams, special type	50
(xi) Cast Iron Angithies in different sizes	3 doz. each.

7. It is also proposed to undertake the manufacture of soil pipes and fittings which are in very great demand in the country.

8. Besides two cupolas already installed having a capacity of 2½ tons per hour, another modern type of cupola with a capacity of about 4 tons per hour has been constructed during the year.

9. Improvements and economy are effected in the working of the Factory from time to time by designing new types of machines and arranging new methods of working. The sales organisation has been put on a sound basis.

10. The Foundry has 62 hiring and sales agencies with necessary repairing equipment and mobile type workshops. In order to cut down expenses, hiring agencies are given on commission basis to people who are already in the trade and have influence amongst the local agriculturists.

11. The Foundry employs in all 680 hands, of whom 431 are at Nahan Works and Offices and the balance 249 are the Field Staff in hiring and sales agencies.

12. The Foundry is a licensee for the supply of electric energy to the town of Nahan. It has a Power House of its own in its premises.

13. The Foundry has also a Printing Press, the printing machine in which was manufactured by the Foundry itself. This Press meets the entire demand of printing for the Foundry. It also caters to the printing requirements in the locality.

## B—INDUSTRIAL PROJECTS

### 1. HEAVY ELECTRICAL EQUIPMENT PROJECT

The Planning Commission included the project in the First Five Year Plan and indicated their intention to provide a sum of Rs. 7 crores for it from the provision of Rs. 50 crores for basic industries and transport. Two firms of international repute, who accepted the principle of collaboration with the Government of India financially as well as technically were invited to submit project reports for the setting up of the factory. The reports have recently been received and are under scrutiny.

### 2. SYNTHETIC OIL

The question of the manufacture of synthetic oil from low-grade coal available in this country in abundance has been under consideration for a number of years. Various schemes were formulated in this regard but progress could not be made primarily because of the heavy outlay of expenditure required. In the meantime, arrangements have been made for the establishment of three new oil refineries in India to treat about 3.7 million long tons of crude oil annually. Refining capacity however does not lessen the necessity of developing entirely independent sources of supply within the country. It has also to be borne in mind that the production of the three refineries will be short of India's requirements by about 30 per cent. in 1956-57 and some items like Aviation Spirit and Lubricants will not be produced at all. The synthetic oil project, though not included in the First Five Year Plan, has therefore never ceased to be an objective.

2. Recent investigations conducted on Lignite in South Arcot suggest that the deposits have potentiality for manufacture of oil. Since the last project reports were drawn up, a good deal of progress in the development of the techniques is reported to have been made in the United States and Germany, and synthetic oil plants are at present under construction in some other countries. In order to take stock of the latest developments, it is proposed to obtain fresh project reports from a number of firms of international repute. These reports will be examined by independent experts and then a final decision about the implementation of this project will be taken including the questions of location etc. and of raw materials to be utilised. In the meantime, encouraging communications have been received from several specialist firms in the U.S.A. and Europe.

## CHAPTER—II

### COAL

Control on coal was continued during the year and the Colliery Control Order has been made applicable in all the States of India excepting Jammu & Kashmir. The Commodity Controls Committee set up by Government also reviewed the need for control on coal, but came to the conclusion that the continuance of control in the present form was necessary.

2. The total raisings and despatches of coal in India during the year 1953 amounted to 35.8 million tons and 30.7 million tons respectively, as against 36.2 million tons and 31.1 million tons in 1952. Production in Bengal and Bihar fields showed a slight decline during 1953 partly on account of the pegging of output of metallurgical coal upto Grade II.

3. Total despatches of coal during 1953 were on the whole less than despatches of the previous year but internal supplies showed some improvement as compared to previous year. There has also been an increase particularly in regard to despatches of soft coke and brick-burning coal. The drop in overall despatches was mainly due to fall in exports.

Coal supplies to certain areas continued to be unsatisfactory because of limitations in rail capacity beyond Waltair, Katni and Moghul Sarai. There was ample movement capacity "down country" from the collieries.

4. With a view to rationalise transport and eliminate wasteful or uneconomic haulage, steps were taken to arrange for coal supplies to the industries from the nearest coalfield, consistent with their requirements for particular quality of coals.

5. There was a noticeable fall in the demand for Indian coal in the export market during the year 1953. This was due to the increased production of coal in Europe, competition from South Africa, and the emergence of Australia (hitherto an importer), China and Formosa as competitors in the foreign markets. In order to encourage exports, Government of India abolished the additional charge on coal export with effect from 11th May 1953. The total coal exported (including Pakistan) in 1953 was about 1.99 million tons as against 3.30

million tons during 1952. The following statement shows the exports destination-wise from January to November 1953 as compared with 1952.

Country	1952	1953 (Upto November)
	Tons	Tons
Pakistan	1,143,878	716,000 (approximate)
Burma	200,069	232,541
Hongkong	214,031	86,645
Singapore	123,650	45,345
Australia	205,846	Nil
Japan	765,767	387,117
Egypt	30,543	Nil
U.K.	36,954	Nil
Ceylon	277,833	206,053
Pondicherry	18,472	6,161
Madagascar	17,351	Nil
Aden	41,750	Nil
Finland	5,650	Nil
Indonesia	54,503	Nil
East Africa	39,068	20
Mauritius	15,579	Nil
South Korea	101,296	200,206
Bangkok	50	100
Reunion	9,825	Nil
	3,302,115	1,880,188

6. As a result of the measures taken by Government under the Coal Mines (Conservation & Safety) Act, 1952, it has been possible to effect some reduction in the production of the Selected 'A' & 'B' Grades of coking coal. The target of production of Selected grades of metallurgical coal was fixed at 7.4 million tons. The actual production in the first 10 months of 1953 was 6.04 million tons as compared with 6.41 million tons during the corresponding period of 1952. It is hoped that it would be possible to bring about a gradual reduction in the output of these coals until the output comes down to the actual level of the requirements for such coal. The production of coking coals of Grades I and II was also pegged in 1953 at the level of output in 1952, (6.4 million tons).

7. There are at present two coal washeries in India. Coal washing is an important measure for the conservation of coal. A Committee was appointed by the Coal Board to enquire into the problems of coal washing and recommended the measures to be taken. The Committee has submitted an interim report.

8. Assistance is granted by the Coal Board for stowing carried out for safety in coal mines. The rate of assistance was 75 per cent of the actual cost of stowing subject to a maximum of Rs. 1/4/- per ton of material for hydraulic stowing. In view of the fact that since this rate was fixed in 1943, there has been an increase in the cost of stowing, the Board has decided that the maximum rate of assistance should be increased to Rs. 1/5/- per ton of material with effect from 1st March, 1953. This higher rate has been allowed because the cost of handpacking is very high and it is necessary to encourage smaller collieries, who have no elaborate stowing plants, to carry out stowing for safety. The rate of assistance for handpacking with surface materials is 85 per cent of the actual cost subject to a maximum of Rs. 1/9/- per ton of material. A sum of Rs. 66,77,013 was paid as assistance for stowing during the year.

9. The Coal Board carried out large-scale protective works in the Karijore Fire Area, the Khas Ganeshpur Colliery, the Jogta-Sijua barrier, and Pure Selected Angarpathra Colliery during 1953-54. Several minor protective works were also carried out in the Jharla and Raniganj coalfields. The total expenditure on protective works during the year was Rs. 7,03,225.

10. The Technical Advisory Committee (Mining), constituted to advise the Coal Board on the working condition of collieries producing coking coal, has so far submitted detailed reports on 14 collieries.

11. The receipts from the collection of the Stowing Cess amount to approximately Rs. 1,10,00,000 per annum. The expenditure of the Board during 1952-53 was Rs. 72,39,266. In 1953-54, it is expected to be Rs. 84,33,000.

12. The Railway Collieries continued to be managed under the control of the Ministry of Production. During the year 1952-53 the Collieries have shown a profit of Rs. 61 lakhs, and the working in 1953-54 is also expected to show a profit.

The Government have decided to abolish the contract system of coal raising in the two remaining Railway Collieries where this system is still in force and it is hoped to introduce department working at these collieries from 1st April 1954.

13. The South Arcot Lignite Pilot Scheme which was inaugurated on 5th March, 1953, by the Government of Madras, is in progress. The Government of Madras expects the pilot scheme to be completed by August, 1954.

## CHAPTER—III

### SALT

#### 1. Introduction

India attained self-sufficiency in salt in 1951. Production has since gone up to 860 lakh maunds in 1953, thus exceeding the target of 837 lakh maunds of production per year scheduled for attainment during 1955-56 under the Five Year Plan. Exports also showed an upward trend; the quantity exported was 80 lakh maunds which was higher than in any previous year. Side by side with the increase in production, control over quality was also maintained. Distribution continued under the Zonal Scheme. The level of prices in general showed a downward trend.

#### 2. The Salt Cess Act, 1953

Following Government's decision that salt should not be treated as a source of revenue, the salt duty of Rs. 1/9/- per maund was abolished from the 1st April 1947, but simultaneously a cess was levied at the rate of Rs. -/3/6 per maund on salt produced in Government salt factories and at Rs. -/2/- per maund on that produced in private licenced factories, to meet the expenses incurred on the Salt Organisation and on the measures taken in connection with the manufacture, supply and distribution of salt.

It was considered desirable that both the levy of the cess and the utilisation of the funds therefrom should be regulated by an Act of Parliament. Accordingly a Bill was introduced in Parliament during December 1953. It was passed by both the Houses of Parliament and received the assent of the President on the 26th December, 1953. This Act, called the Salt Cess Act, was brought into force with effect from the 2nd January 1954.

The purposes for which the cess collected on salt should be utilised have been specified in the Act as below: —

- (a) meeting the expenditure incurred in connection with the salt organisation maintained by the Central Government;
- (b) meeting the cost of measures taken in connection with the manufacture, supply and distribution of salt by Union agencies and the regulation and control of the manufacture.



ture, supply and distribution of salt by other agencies, and in particular measures for—

- (i) the establishment and maintenance of research stations and model salt farms;
- (ii) the establishment, maintenance and expansion of salt factories;
- (iii) fixing the grades of salt;
- (iv) promoting and encouraging co-operative effort among manufacturers of salt; and
- (v) promoting the welfare of labour employed in the salt industry.

The Act also empowers the Central Government to make rules for carrying out the purposes mentioned therein including granting of exemptions from the levy of the cess in respect of salt—

- (a) exported from India;
- (b) manufactured by any specified categories of small manufacturers; and
- (c) utilised in the manufacture of any other product of industry.

The Govt. of India have notified under the Act that the exemptions from the levy of the cess obtaining till then would continue in force for the time being. Salt exported to Japan thus continues to be exempted from the levy of the cess.

### 3. Production Licensing, Acreage under Salt Production

(a) The statement below shows the total number of salt factories, licensees, acreage and production of salt in 1953 in the different salt producing States, as also the forecast of the production in 1954:—

Names of Producing States	Total No. of salt factories (Group of works)	Total No. of licensees in 1953		Total acreage under production in 1953	Salt production in lakh maunds			Forecast of salt production in 1954
		Govt.	Pri-vate		1952	1953	% of increase or decrease	
Rajasthan	3	3	...	7344	74.0	86.8	+10%	73.2
Bombay	20	2	999	19815	229.0	239.9	+5%	233.2
Saurashtra	25	...	29	21502	198.0	217.5	+10%	217.5
Kutch	4	...	4	9208	32.8	37.2	+12%	51.1
Madras	60	...	2925	15149	164.8	193.7	+17%	104.8
Travancore	11	...	217	911	17.6	16.6	-6%	17.1
Orissa	6	...	36	3207	10.1	13.9	+40%	16.4
West Bengal	5	...	4	384	0.6	1.2	+100%	1.6
H. Pradesh	1	...	...	1	1.6	1.6	...	1.5
Unlicensed Production	...	...	...	About 2500	40.2	52.5	+30%	50.0
<b>TOTAL</b>	<b>135</b>	<b>6</b>	<b>4214</b>	<b>80021</b>	<b>768.7</b>	<b>860.9</b>	<b>+12%</b>	<b>866.4</b>

(b) *Development Scheme*.—The programme of core drilling undertaken in order to ascertain the extent of salt deposits at the Mandi Salt Mines had to be revised in view of certain technical difficulties.

### 4. Import and Export

*Import*.—As in 1951 and 1952, no salt was imported into the country during 1953.

*Export*.—Statistics of exports to different countries during 1953 are given below along with the comparable figures for 1951 and 1952:—

(Figures in lakh maunds)

Year	To Japan by sea	To East Pakistan (by land & river)	To Nepal by land	To Maldives, Penang, Malaya etc. (by sea)	Total
1951	4.71	4.87	9.64	0.07	19.29
1952	67.37	3.66	8.39	0.06	79.48
1953	68.14	2.50	9.14	0.26	80.04

The possibilities of expanding the export markets in countries like Philippines, New Zealand and East Africa are under examination.

Import of salt into East Pakistan from Calcutta which had been suspended by the Pakistan importers since July, 1952 was resumed in November 1953.

### 5. Distribution of Salt

The supply of salt from the sources to the consuming areas continued to be regulated under the Zonal Scheme. The Zonal Scheme functioned satisfactorily.

The steamer freight from the West Coast to Calcutta was fixed at Rs. 28/12/- per ton which is Rs. 2 less than 1953 rate. The reduced rate will be in force during 1954.

### 6. Quality of salt and its Control

The minimum standard of edible salt for 1953 was fixed at 93.5 to 94 per cent. sodium chloride, while in 1952 it was 92.5 to 93 per cent.

The standard prescribed for 1954 is 94 per cent. of sodium chloride content. The Indian Standards Institution laid down the standard at

96 per cent., but Government decided that it would be possible to attain it gradually in the course of a few years, as otherwise small manufacturers would experience difficulty.

One more test laboratory was established at Humma in Orissa, the existing institutions being the Model farm and Salt Research Station at Wadala in Bombay, test laboratories at Sambhar, Tondiarpet and Tuticorin in Madras and the Central Salt Research Station at Bhavnagar in Saurashtra. Proposals for the opening of more laboratories in Madras. Kakinada, Travancore, Kharaghoda and Mandi and the establishment of Model farms at Levingipuram and Sammanjeri (Madras), Sumadi (Orissa) and in Travancore are under consideration.

Direct quotas of salt from Sambhar were allotted to private salt refineries in Delhi, Uttar Pradesh and Punjab. Refined salt continued to be popular as before.

#### 7. Receipts and Expenditure

A statement showing receipts and expenditure during the last three years is given below:—

Year	RECEIPTS			(figures in lakhs of rupees) EXPENDITURE		
	Cess	Sale proceeds of Govt. salt and other receipts	Total receipts	On establishment	On manufacture, maintenance etc. including indirect charges	Total expenditure
1951-52						
1952-53	80	100	180	38	100	138
1953-54 (Estimated).	96	97	193	38	91	129
	103	104	207	40	95	135

#### 8. Control Orders

No new control order regarding salt was issued by the Central Government. The Commodity Control Committee which examined the Control Orders in force made their recommendations on 15th July, 1953. In respect of salt their proposals covered (i) Reduction of the Stocks held under the Salt (Reserve Stocks) Order, 1950; (ii) Continuance of the Zonal Scheme of distribution of salt until the transport position improves; and (iii) Review of the Nominee System in certain States for indenting of salt. The Committee's recommendation regarding the continuance of the Zonal Scheme has been accepted by the Government while the other two recommendations are under the consideration of Government.

#### 9. Salt Advisory Committee

A meeting of the Salt Advisory Committee was held during the year on the 11th November, 1953 at Madras.

#### 10. Departmental Committee

The Departmental Committee on salt which was constituted by the Government with representatives of the Ministries of Production and Finance with Shri B. B. Paymaster, I.C.S., as Chairman to examine and report on certain recommendations of the Estimates Committee, submitted their report to the Government on 1st May, 1953. A number of recommendations have already been implemented and the others are under examination.

## CHAPTER IV

### OIL REFINERIES

In addition to the two Petroleum Refineries now under construction near Bombay, a third Refinery is to be set up at Visakhapatnam under the terms of an agreement with Messrs. Caltex (India) Limited signed on the 28th March, 1953. This Refinery will have a capacity of 500,000 tons of crude oil per annum, and is expected to start production in 1956-57. The full texts of all the Refinery Agreements have been laid on the table of both the Houses of Parliament.

2. The Standard Vacuum Refinery at Trombay is now expected to go into production in July 1954, and the Burmah Shell Refinery in March 1955, that is about 6 and 9 months respectively ahead of the original schedule. Satisfactory progress has been made in the course of the last year in providing the various ancillary facilities required for these Refineries and the possession of all the lands required for the housing colony as well as for the Refineries themselves has been handed over to the Oil Companies. The Bombay Port Trust are constructing a new oil terminal at Butcher Island for handling the additional oil traffic and for accommodating the bigger tankers that will use the harbour when the Oil Refineries start operation. As this terminal, which will cost approximately Rs. 7 crores, will not be ready by the time the Standard Vacuum Refinery starts, a temporary pipeline is being installed for the discharge of crude oil in the interim period. The cost of this temporary pipeline is being borne by the Standard Vacuum Company themselves. The necessary railway and road facilities like a by-pass road, an over-bridge and an arterial siding are being provided for by the authorities concerned. The Bombay Municipal Corporation is also laying a new pipeline for the supply of water to the Refineries. All these items of work will be completed by July 1954.

3. Among the assurances given by the Companies to Government is one that they will employ Indians in all capacities whenever qualified Indian personnel are available. This assurance is being implemented carefully and the Companies have already selected a number of candidates for training in India and abroad. The total strength of personnel expected to be employed by the three Refineries will be about 2,500, and a large proportion of them will be recruited in India. In the beginning, some specialised foreign personnel will doubtless be essential but the Companies have assured Government

that their number will be progressively reduced as and when qualified Indian personnel become available to replace them.

4. With the commissioning of these refineries with the investment of about Rs. 50 crores, a very significant step will have been taken towards the industrialisation of the country. Although this will not make India self-sufficient in supplies of petroleum products, inasmuch as the crude oil will have to be brought from abroad, the establishment of the refineries will place the country in a distinctly more advantageous position than before, strategically as well as financially. At the same time, search for oil within the country is in progress and when success is achieved, reliance on imports should become unnecessary.



## APPENDICES

## APPENDIX I

### Chairman's Speech, Directors' Report and Balance Sheet of Sindri Fertilizers and Chemicals Limited as on 31-3-1953

ANNUAL GENERAL MEETING OF THE SINDRI FERTILIZERS AND CHEMICALS LTD., HELD ON 16TH JUNE 1953 AT NEW DELHI

#### CHAIRMAN'S SPEECH

The Balance Sheet and Profit and Loss Account, together with the observations of the Directors, are already in your hands. It is a matter of satisfaction that the working of the initial period shows a small net profit after making adequate provisions for depreciation, renewals and replacements and partial write-off of developmental expenditure.

2. In many ways, it is a unique occasion. This is the first presentation of the results of the working of a large national enterprise, operating in a field vital to the economy of the country. It is also the first experiment in the management of a unit through the close and in intimate association of representatives of Government, industry and labour, on the Directorate.

3. The two criteria to be applied to the successful operation of a manufacturing unit are—

- (i) the attainment of target production; and
- (ii) the establishment of economic cost of production.

Measured by these, the achievement of Sindri has been credit-worthy. Since the inauguration of production by the Prime Minister in March, 1952, a total of 230,000 tons of ammonium sulphate has been produced in thirteen months ending March, 1953. Production in the last quarter of 1952-53 was 74,176 tons, against the target production of 87,000 tons. I do not wish, however, to undertake the problems of Sindri. The teething difficulties have not, as yet, been completely eliminated. A certain measure of imbalance in production facilities have come to notice, existing maintenance arrangements have proved to be inadequate to current requirements and the technical efficiency, and therefore productivity, of labour has

fallen short of expectations. The management of Asia's largest fertiliser plant, incorporating the most modern technique in production requires constant care and watch. The loss of sources of Gypsum in Pakistan, on which the plant had been designed, necessitated last-minute adjustments, reacting on production. All these problems are being dealt with fortitude and determination, and I am confident that it will not be long before target production is attained and consistently maintained.

3. The cost of production is being progressively brought down and is being reflected in the prices charged. Even in the initial period, the price charged was Rs. 350/- per ton, which was below the cost of imported sulphate. As the Directors report indicates, this made possible the receipt of a contribution of about Rs. 48 lakhs by the fertilizer pool, which enabled it to release other ammonium sulphate at a price cheaper than would have been otherwise possible. Early in 1953, when an intensive campaign to popularise the use of fertilizers, as a positive step towards our goal of self-sufficiency in foodgrains, was launched, this national enterprise responded to the call by reducing the price by Rs. 65/- per ton—a reduction of nearly 20 per cent.—thus fulfilling the role assigned to it in the development of our national economy. As a result of certain steps already initiated, to which I shall refer briefly presently, the cost of production will be further reduced, placing Sindri in the near future on a competitive basis with any other producing unit in any other country.

4. The Company has concluded an agreement with Messrs. Associated Cement Co. Ltd. for the sale of the calcium carbonate sludge which is a by-product of ammonium sulphate production. The Associated Cement Co. propose to construct a cement factory at Sindri for the production, ultimately, of 600 tons of cement a day, utilising this by-product as the main ingredient. Similarly, the Company has entered into an agreement with the German firm of Messrs. Carl Still for the supply and installation of a battery of coke ovens for the production of 600 tons of coke a day. This will not only make Sindri self-sufficient, but will also result in substantial economies in the cost of production. Plans are under consideration, in association with the Technical Co-operation Administration of the U.S.A., for the utilisation of the coke oven gases for the manufacture of urea and ammonium nitrate, to provide a diversity and a balance in the availability of fertilizers from indigenous sources. A joint technical team of T.C.A. and the Government of India visited Japan, North America, the U.K. and various other countries in Europe to study modern techniques in the production of these fertilizers to enable a final decision being taken. The potentialities of industrial development at Sindri, particularly in:

the field of heavy chemicals and allied industries, are thus being progressively realised. Located at the heart of India's coal belt, within easy reach of abundant sources of cheap electrical power and water, and served by the main trunk line of the major Indian Railway, Sindri lends itself to the projected development and expansion. It also provides scope for private and State enterprises, co-existing side-by-side, fulfilling a complementary role in the economic development of the country.

5. As you are, perhaps, aware, the distribution arrangements of ammonium sulphate has been a cause of great concern to your Directors. In February this year, the stock position was critical when the accumulated production reached about 80,000 tons. Suggestions were made in the press and elsewhere that Sindri had adopted the expedient of slowing down production to meet the situation. I should like this opportunity to assure you that we have not allowed the accumulations of stock to interfere in any manner with the growing momentum of production activities. A high level of production of about 27,000 tons was actually attained in the month of crisis of February. When the stocks reached alarming proportions, energetic action was taken and the difficulties were tided over. But we are still not out of the woods, and special additional storage will have to be arranged to cover the lean months of consumption from July to September. Draught, financial difficulties of the consuming States and imperfect and unsatisfactory distribution arrangements made by them, all contributed to the off take in 1952 falling far short of allocation. Heavy opening stocks in the hands of the State Governments have also created complications for the marketing of 1953 production. The Food and Agriculture Ministry, who are responsible for administering the pool to which the entire production of Sindri is contributed at present, have now formulated careful plans for the full absorption of Sindri's production. While there may be difficulties in the current year, it is anticipated that by 1954 the off take will more than absorb Sindri's full production. I should mention, however, that had a large number of requests for exports at much higher prices been entertained, not only the stocks would have been cleared, but large profits would have accrued. But such a policy would have run counter to the national policy and Sindri has accepted a sacrifice in the interests of the long term national programme of self-sufficiency in foodgrains. It is evident, however, that a manufacturing unit of the size and importance of Sindri, cannot rest content with distribution arrangements controlled by an outside authority, and it must necessarily be self-reliant in the marketing of its own production. A proposal for taking over of distribution responsibilities by Sindri with effect from 1st January, 1954, is under examination. There are difficulties, however, such as the pooling of higher

cost production of smaller units which must be retained in production in national interest, and the sale of fertilizers to agriculturists and small consumers on credit. It should be possible, however, to evolve a proper scheme to meet the special situation. Steps are also being taken for popularising the use of fertilizers for intensive cultivation. A co-ordinated scheme in association with the Food and Agriculture Ministry, is in the making.

6. As is to be expected, Sindri is pursuing a progressive and enlightened labour policy. Housing, medical and educational facilities are being provided on a scale commensurate with the status of Sindri as the nation's largest manufacturing unit. Relation between labour and the administration has, on the whole, been satisfactory, though, at one time, under misguided leadership, a threat of strike had developed.

7. I should take this opportunity of paying a tribute to my predecessor, Shri C. C. Desai, who was the Chairman of the Board from its inception till his appointment as our High Commissioner to Ceylon. His restless energy and initiative contributed largely to the making of Sindri. I should also express our appreciation of the excellent work done by Shri B. C. Mukerji, our out-going Managing Director. His integrity, administrative ability and enthusiasm, were, in the main responsible for the early initiation of production and the attainment of satisfactory results. I am sure, you will join with me in wishing him well in his new and important assignment as the Chairman of the Indian Air-lines. To our non-official Directors, a special word of thanks is due. They have given their time, attention and experience unstintingly towards the economic and efficient administration of Sindri. You will no doubt cordially associate yourselves with the Directors' appreciation of the excellent work which the staff and personnel of all ranks at Sindri have done and the contribution they have made to bring it to its present state of efficiency.

8. In conclusion, I should like to say that whatever the difficulties and whatever our deficiencies, we have every reason to be gratified with the achievements, of Sindri. May I be permitted to add, with pardonable pride, that, judged by any standard or measured by any yardstick, Sindri's progress has been remarkable? I have no doubts that, in the fullness of time, Sindri's place of pride in our expanding national economy will be fully assured. Gentlemen, Sindri looks to the future with faith and confidence.

A. K. CHANDA,  
Chairman, Board of Directors.

## DIRECTORS' REPORT TO THE SHAREHOLDERS OF SINDRI FERTILIZERS AND CHEMICALS LTD.

The Directors present herewith their first annual report with the audited statement of accounts for the period from 16th January 1952 to 31st March 1953.

	Rs.
The profits before providing for depreciation and interest on loans amounted to ...	2,71,44,846
The Directors have, out of this sum, appropriated to Depreciation an amount of ...	1,60,43,182
and a further sum as additional provision for repairs amounting to ...	48,52,821
	<hr/> 62,48,843
Leaving which Directors recommended be utilized in paying interest on loans from Government of India @ 4½ per cent. per annum amounting to ...	35,16,414
and in writing off Development Expenditure to the extent of ...	26,36,546
	<hr/> 95,883
Leaving to be carried forward a profit of ...	

2. The depreciation of Rs. 1,60,43,182 is arrived at on the basis of the straight line method estimating the average life of the plant and machinery to be approximately ten years as certified by the Consulting Engineers of the Company. As the incidence of the Straight line method of depreciation does not vary from year to year and since during the first year of operation of the new plant the expenditure on repairs was below normal it is felt desirable that additional provision for repairs should be made. It is the experience of chemical factories abroad that over a period of years the expenditure on repairs tend to approximate to 5 per cent. of the original cost of the plant and machinery. On this basis the normal expenditure on repairs for the period would have been approximately 87.37 lakhs as against the actual expenditure incurred during the first period of 38.84 lakhs. The Directors have, therefore, appropriated a further sum of 48.52 lakhs as additional provision for repairs in order to make the amount equal to 5 per cent. of the original cost of plant and machinery and so as to avoid heavy fluctuations.

3. During the period of construction considerable amount of expenditure had to be incurred for training of staff both in India

and abroad and for maintenance of town roads, buildings and on other items which did not result in acquisition by the Company of any asset. This expenditure has been debited to the Development Account intended to be written off over a short period of years according to the availability of profits for this purpose. As during the period under review there is a net profit of Rs. 27.32 lakhs after charging depreciation and interest on loans, a sum of Rs. 26.37 lakhs has been utilised for writing down Development Expenditure to a round sum of Rs. 87 lakhs.

4. The first annual verification of the stock of raw materials conducted at the end of the accounting period has disclosed the following apparent shortages.

	QUANTITY	COST
Coal		
Coke	31,845 tons	Rs. 5,29,437/-
Gypsum	30,465 tons	Rs. 12,16,060/-
Total	30,401 tons	Rs. 10,45,373/-
		<u>Rs. 27,90,870/-</u>

A Committee of senior officers appointed to enquire into the reasons for these shortages have in a preliminary report indicated the main reasons for these shortages to be as follows:—

- (i) inaccurate reporting of receipts and issues resulting from non-availability of weighbridges and teething troubles of recording instruments;
- (ii) bedding down of dumps and unreported use of material during preliminary trial and test runs of units of plant during the commissioning period;
- (iii) loss in transit and windage.

Your Board of Directors have decided to constitute a Committee consisting of Mr. K. R. P. Aiyangar, the Managing Director, Mr. Benson Gyles, the General Supdt., and a representative of the Auditor-General, subject to his agreement, to make a more thorough enquiry into the causes of these shortages. This Committee will also review the present arrangements for recording the receipts, issues and periodical stock verification and report to the Board of Directors what steps have to be taken to put them on a satisfactory basis. For the purpose of the annual accounts the stock on hand on 31st March 1953 of these materials has been reduced by the quantities of apparent shortages reported so as not to inflate the profits of the period.

## OPERATIONS

5. The Company took over the Fertilizer Factory Project from the Government of India on 16th January 1952. Although small quantities of fertilizers were produced during the period of commissioning of the plant, commercial production commenced at Sindri on 1st February 1952. Production of sulphate of ammonia during the period ended 31st March 1953 was as follows:—

	Tons
Production upto 1st February 1952 during the commissioning of the plant:	14,714
February 1952:	8,664
March 1952:	11,405
April 1952:	10,819
May 1952:	10,395
June 1952:	9,845
July 1952:	11,637
August 1952:	14,071
September 1952:	18,735
October 1952:	21,762
November 1952:	23,005
December 1952:	24,895
January 1953:	24,638
February 1953:	26,989
March 1953:	22,549
Total for period:	2,39,409

Production throughout this period averaged 563 tons per day which represents an overall average for the period 58.7 per cent. of the rated capacity of the Sindri factory. With increasing experience of operation of the plant and elimination of the remaining teething difficulties, it is expected that production which in the last quarter was 86 per cent. of the rated capacity would increase to 100 per cent. in the near future.

## DISTRIBUTION

6. The whole of the Company's output during the period was sold through the Central Fertilizer Pool of the Food & Agriculture Ministry of the Government of India at Rs. 350 per ton, f.o.r. Sindri upto 31st December 1952 and Rs. 285 per ton, f.o.r. Sindri with effect from 1st January 1953.

7. Throughout this period the cost of sulphate of ammonia imported by the Government of India varied, with one exception, between Rs. 370 to Rs. 400 per ton, c.f. Indian Ports. The Central

Fertilizer Pool equalised the price of sulphate of ammonia to the consumers on a no profit no loss basis. Hence Sindri has assisted in subsidising imported sulphate of ammonia during the period under review to the extent of Rs. 47,25,046. The profit reflected in the accounts now presented of 271.45 lakhs is in addition to this contribution of Rs. 47,25,046 to the Central Fertilizer Pool. The quantities of sulphate despatched during the period were as follows:—

	Tons	Cwt.
February 1952:		
March 1952:	2,234	13
April 1952:	5,368	15
May 1952:	3,082	0
June 1952:	9,996	0
July 1952:	14,805	0
August 1952:	9,869	0
September 1952:	19,997	0
October, 1952:	23,578	0
November, 1952:	29,294	0
December, 1952:	9,120	0
January, 1953:	3,647	0
February, 1953:	1,134	10
March, 1953:	28,189	0
Total:	17,542	0
	1,78,857	4

The stock on hand of sulphate on 31st March 1953 was 78,024 tons 4 cwt.

8. The question of the Sindri Company taking over the distribution of its products from the Central Fertilizer Pool is at present under discussion with the Ministry of Food & Agriculture and it is expected that an early decision would be taken in the matter.

#### FINANCE

9. The Government of India have not so far closed their Fertilizer Factory Project accounts. Hence the valuation at which the Company took over the assets and liabilities of the Project is provisional. On the basis of this provisional valuation the net value of the assets and liabilities taken over amounted on 31st March 1953 to Rs. 24,49,57,711. The Company has in satisfaction of this debt issued

to the President of India and the Secretary to the Ministry of Production as fully paid 170,000 shares of Rs. 1,000 each amounting to 17 crores of rupees. The balance of Rs. 7,49,57,711 is treated in the accounts as a loan from the Government of India secured by a floating charge on all the assets of the Company and bearing interest at the rate of 4½ per cent. per annum.

10. The Company has in addition to this loan obtained from the Imperial Bank of India a cash credit of Rs. 2,00,00,000 secured by the hypothecation of stocks, stores and book debts of the Company. There is no outstanding overdraft on this cash-credit account on 31st March 1953.

#### EXPANSION PROGRAMME

11. During the period under review the Company has placed an order for the construction of a battery of Coke Oven at Sindri with Messrs. Carl Still G.m.b.h., Reclinghausen at an estimated cost of 245 lakhs of rupees. This battery of Coke Ovens is expected to go into production during the second half of 1954. The requirements of coke for the Sindri Plant which are at present being purchased from the Indian Iron & Steel Company and in the open market at controlled prices is expected to be fully met from production on the completion of this battery of Coke Ovens.

12. Under a Technical Co-operation Agreement between the United States of America and India a Technical Mission under the leadership of the Managing Director, Mr. B. C. Mukharji, was sent out to visit Fertilizer Plants throughout the world and to recommend the direction in which expansion of fertilizers at Sindri could be undertaken. The report of this Technical Mission which has recently returned is expected to be submitted to the Government of India within the next few days.

#### LABOUR

13. The number of employees on the pay roll of the Company, on 31st March 1953 was, 5,094 comprising of 3,286 monthly rated employees and 1,808 daily rated employees. The relations between the employees and the management remained reasonably satisfactory throughout the period. The main grievance of the employees related to the shortage of housing. On 31st March 1953 the Company had approximately 2,000 houses for its employees consisting of 1,200 permanent houses and about 800 temporary units. Under the construction programme in hand, it is expected that further 800 units of permanent houses would be completed before the end of the current year. The acute shortage of houses is expected to be relieved to some extent before long.



## GENERAL

14. Your Directors take this opportunity to place on record their appreciation of the valuable services rendered by the Company's officers and employees at all levels, throughout the difficult initial period of commissioning and operation of the plant. Considering that the personnel came from all parts of India with differing backgrounds and training and the initial difficulties of operation of a large factory of the size of Sindri, the results obtained during the first year, they trust, will not be regarded by the shareholders as unsatisfactory.

NEW DELHI;  
The 10th June, 1953.

On behalf of the Directors,

A. K. CHANDA,  
Chairman,

## AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SINDRI FERTILIZERS &amp; CHEMICALS LTD.

We have audited the annexed Balance Sheet of the Sindri Fertilizers & Chemicals Ltd., as at 31st March, 1953, and also the annexed Profit and Loss Account of the Company for the period ended on that date, and report that:

- (a) we have obtained all the information and explanations which we have required;
- (b) in our opinion, the annexed Balance Sheet and Profit and Loss Account referred to in the report are drawn up in conformity with the law;
- (c) stock verification carried out departmentally at the end of the financial year revealed a shortage of Rs. 27,00,000 in the stocks of Raw Materials. The Committee appointed to investigate into these shortages has reported that the differences between the actual stocks and book balances are mainly due to:
  - (i) inaccurate reporting of receipts and issues resulting from non-availability of weighbridges and recording instruments;
  - (ii) bedding down of dumps and unrecorded use of material during preliminary trial and test runs;
  - (iii) loss in transit and due to windage.
- (d) such Balance Sheet exhibits a true and correct view of the State of the Company's affairs according to the best of our information and explanations given to us, and as shown by the books of the Company; and
- (e) in our opinion, books of account have been kept by the Company for the period under report as required by Section 130 of the Indian Companies Act, 1913.

(Sd.) N. M. RAIJI & CO.,  
Chartered Accountants.

The 10th June, 1953.

# SINDRI FERTILIZERS AND CHEMICALS LTD., SINDRI

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 16TH JANUARY 1952 TO 31ST MARCH 1953

Dr.									Cr.
	Rs.	A. P.	Rs.	A. P.		Rs.	A. P.	Rs.	A. P.
To Stock taken over from the Government of India.					By Sale of	6,45,27,877	11 6		
Raw Materials	1,08,59,242	1 6			Less : Rebate to Govt. of India on account of the Central Fertilizer Pool.	47,35,046	0 0		
Stores and Spare Parts	82,01,239	9 9						5,08,02,831	11 6
Finished and Semi-finished goods	541,09,053	0 0							
Packing Materials	2,93,232	6 0							
			2,34,62,767	1 3					
To Purchases					By Sale of Miscellaneous Goods and Stores			1,35,005	0 6
Raw Materials	96,09,973	7 4			By Income from other sources				
Stores and Spare Parts	61,37,586	6 10			Sale of power to Damodar Valley Corporation	22,03,684	0 0		
Packing Materials	31,35,428	8 0			Rent, Water, Electricity, Furniture Hire, etc.	5,15,700	8 6		
Miscellaneous goods	2,32,163	11 0	1,91,15,152	1 2	Income from Miscellaneous sources	95,011	1 0		
To Wages and Salaries including Rs. 47,902-3-0 paid to the Managing Director			96,89,875	14 9	Interest receivable	1,35,508	7 3		
To Compensation for death and accident			14,061	0 0	By Stock on hand as on 31-3-1953.			29,51,270	9 9
To Provision for Company's contribution to Provident Fund to be registered and interest thereon			37,606	0 0	Raw Materials	63,40,588	6 10		
To Railway freight			1,41,52,146	15 10					
To Handling charges			1,47,826	9 2					
To Rent Royalties and Taxes			1,42,918	4 3					
To Miscellaneous expenses			15,74,546	6 1					
			6,83,36,900	4 6					

# SINDRI FERTILISERS AND CHEMICALS LTD., SINDRI

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 16TH JANUARY 1952 TO 31ST MARCH 1953—(contd.)

	Rs.	A. P.	Rs.	A. P.		Rs.	A. P.	Rs.	A. P.
Less : Expenditure included in the above transferred to Capital and other Accounts			3,64,174	6 0	Stores and spare Parts	93,03,853	5 11		
			6,79,72,725	14 6	Finished and Semi-finished goods	1,62,04,193	15 7		
To Audit fees			23,136	14 0	Packing Materials	4,98,552	2 6		
To Directors' fees and allowances			12,129	13 0				3,23,47,187	14 10
To Bad debts written off			921	9 0					
To Interest on Cash Credit			655	8 0					
To Loss on assets discarded and sold			71,969	7 9					
To Provision for bad and doubtful debts			13,000	0 0					
To Balance Carried forward			2,71,44,846	2 4				9,52,39,385	4 7
			9,52,39,385	4 7					
To Provision for repairs	87,36,980	0 0			By Balance brought forward			2,71,44,846	2 4
Less : Expenditure included under respective heads in the Profit & Loss Account	38,84,158	9 0							
			48,52,821	7 0					
To Depreciation			1,60,43,182	0 0					
To Interest on loan from Govt. of India	36,38,632	3 0							
Less : transferred to development expenditure	1,22,217	15 0							
			35,16,414	4 0					



To Development Expenditure  
written off  
To Balance being profit carried  
to Balance Sheet

26,36,545 8 6

95,882 14 10

2,71,44,846 2 4

2,71,44,846 2 4

NOTE.—The Company took over the assets and liabilities of the Fertilizer Project of the Government of India on 16th January, 1952. The Company is however deemed to have commenced commercial production from 1st February 1952.

The excess of expenditure over income during the period 16-1-1952 to 31-1-1952 amounting to Rs. 1,36,310-14-9 (without depreciation) has been treated as development expenditure.

As per our report annexed.

(Sd.) N. M. RAIJI & Co.,  
Chartered Accountants.

(Sd.) M. K. MATHULLA,  
Controller of Accounts.

(Sd.) A. K. CHANDA,  
Chairman.

(Sd.) B. C. MUKHARJI,  
Managing Director.

(Sd.) P. C. BHATTACHARYA,  
Director.

(Sd.) K. R. P. AIYANGAR,  
Director.

NEW DELHI;  
The 10th June, 1953.

SINDRI FERTILIZERS AND CHEMICALS LTD., SINDRI  
BALANCE SHEET AS AT 31ST MARCH, 1953

CAPITAL AND LIABILITIES  
CAPITAL

Authorised :  
3,00,000 Shares of Rs. 1,000/-each 30,00,00,000 0 0

Issued, subscribed and paid up :  
1,70,000 Shares of Rs. 1000/-  
each Issued as fully paid pur-  
suant to letter No. FY-4(165)  
dated 26/27th December,  
1951 from the Government  
of India, Ministry of Works,  
Production and Supply  
without payment being receiv-  
ed in cash.

17,00,00,000 0 0

LOANS

From Government of  
India, secured by a floating  
charge on all the assets of  
the Company

7,49,57,711 7 3

Cash Credit with Imperial  
Bank of India for Rs.  
2,00,00,000/- secured by  
the hypothecation of stocks,  
stores and book debts of  
the Company—Balance as on  
31/3/1953 as per contra.

PROPERTY AND ASSETS  
FIXED CAPITAL EXPENDITURE

(At Cost)  
(Details as per schedule 1)  
Gross Block. 20,67,82,715 13 6

CAPITAL WORKS IN PROGRESS

(At Cost)  
Coke Ovens . . . 82,84,430 6 0  
Projects.  
Others . . . 8,31,484 3 4

TRANSPORT VEHICLES

91,15,914 9 4  
9,03,296 5 6

DEVELOPMENT EXPENDITURE

Less : Amount written off . 1,13,36,545 8 6  
26,36,545 8 6

87,00,000 0 0

PROVISION FOR REPAIRS	48,52,821 7 0	STORES SPARE PARTS & PACKING MATERIALS (At Cost).	
PROVISION FOR DEPRECIATION	1,60,43,182 0 0	(As per inventories valued and certified by the Ma- naging Director)	98,02,405 8 6
PROVISION FOR BAD AND DOUBTFUL DEBTS	13,000 0 0	STOCK IN TRADE (As per inventories valued and certified by the Managing Director)	
		Raw Materials (At Cost)	63,40,588 6 10
		Semi-finished goods (At Cost)	86,483 6 0
		Finished goods (At Cost)	1,43,17,710 9 7
		Finished goods (At con- tract price)	18,00,000 0 0
		Raw Materials in transit	2,25,44,782 6 5 83,396 4 3
			2,26,28,178 10 8
		BOOK DEBTS	
		Secured considered good	74,40,772 1 0
		Unsecured considered good :	
		(a) Government Depart- ments	47,79,676 3 0
		(b) Others	4,84,404 2 5
		Considered doubtful	13,000 0 0
			1,27,17,852 7 6 5
			27,06,50,363 5 10
	Clo. 26,58,66,714 14 3		

SINDRI FERTILIZERS AND CHEMICALS LTD., SINDRI  
BALANCE SHEET AS AT 31ST MARCH, 1953.—*contd.*

Brought Forward	Rs.	AS.	PS.	Rs.	A.	P.	Brought Forward	Rs.	A.	P.	Rs.	A.	P.
				26,58,66,714	14	3		27,06,50,363	5	10			
<b>Liabilities</b>							<b>Advances</b>						
(a) Goods supplied	1,03,36,455	6	0				Against Expenses	24,178	9	3			
(b) Expenses	38,52,215	6	10				Against Goods	12,82,008	1	10			
(c) Wages and Salaries	11,69,387	6	0				Deposits with Government Departments including						
(d) Other financed	55,55,557	9	0				Railways	75,29,596	5	1			
							To Employees	1,94,289	3	9			
(e) Sundry accounts inclu- ding unadjusted credits	6,28,253	1	6				Loan to Bikaner Gypsum Ltd.	3,09,953	7	0			
				2,15,41,868	13	4	Sundry advances	33,524	10	3			
							<b>Cash and other Balances</b>				93,73,550	5	2
							Cash in hand	5,49,744	13	6			
							Cash in cash credit account with :—						
							Imperial Bank of India, Calcutta	39,44,564	6	11			
							Imperial Bank of India, Dhanbad	28,66,001	5	0			
							Cash in current account with :—						
							Bank of Bikaner Ltd., Jodhpur	32,400	0	0			

*Profit and Loss Account*

Balance as per Profit and  
Loss Account . . . . .

95,882 14 10 Deposit of Employees in  
special account with  
Imperial Bank of India,  
Dhanbad

28,75,04,446 10 5

*Assets Earmarked against  
Employees Accounts*

73,92,710 9 5

87,842 6 0

28,75,04,466 10 5

*Contingent Liabilities*

Rs. Two lakhs in respect of sales tax on Purchases. As per our report annexed.

(Sd.) N. M. RAIJI & Co.,  
Chartered Accountants.

(Sd.) M. K. MATHURIA,  
Controller of Accounts.

(Sd.) A. K. CHANDA, Chairman.

(Sd.) B. C. MUKHARJI, Managing Director.

(Sd.) B. C. BHATTACHARYA, Director.

(Sd.) K. R. P. AIYANGAR, Director.

NOTE.—The Accounts relating to the Fertilizer Project of the Government of India, have not been finally closed by the Accountant General (Central Revenues). Further debits and credits are expected to be booked, to which extent the assets and liabilities of the Company will alter.

SINDRI FERTILIZERS AND CHEMICALS LTD.—SINDRI

SCHEDULE FORMING PART OF BALANCE SHEET

*Schedule 1.*

**Fixed Capital Expenditure**

	Assets 16th 1953, over	acquired during the period January, 1952 to 31st March including those taken from the Government of India.	Deductions	Balance as on 31/3/1953.					
	Rs.	As.	Ps.	Rs.	As.	Ps.	Rs.	As.	Ps.
Land . . . . .	58,04,998	3	10				58,04,998	3	10
Buildings . . . . .	4,35,02,216	10	5				4,35,02,216	10	5
Plant, Machinery, Equipment etc.,	13,45,69,214	14	9	15,028	9	9	13,45,54,186	5	0
Electrical Installation . . . . .	27,14,000	10	5				27,14,000	10	5
Railway Sidings . . . . .	44,63,815	15	3				44,63,815	15	3
Water System and Sanitation . . . . .	1,34,40,094	7	1				1,34,40,094	7	1
Furniture, Fixtures and Office Appliances . . . . .	8,58,602	10	6	17,790	2	0	8,40,812	8	6
Roads, Culverts, Walls and Fences . . . . .	14,62,591	1	0				14,62,591	1	0
	20,68,15,534	9	3	32,818	11	9	20,67,82,715	13	6

**APPENDIX II**  
**Chairman's speech and Annual Accounts of Hindustan Shipyard Limited for the period 1st March 1952 to 31st 1953**

FIRST ORDINARY ANNUAL GENERAL MEETING OF THE  
HINDUSTAN SHIPYARD LIMITED HELD ON 20TH JULY  
1953.

GENTLEMEN,

It gives me great pleasure to welcome you all to the First Ordinary Annual General Meeting of Hindustan Shipyard Limited. The Accounts of your Company for the period 1st March 1952 to 31st March 1953, together with the Directors' Report, have been in your hands for some time. With your permission, I shall take them as read.

2. Before reviewing the Company's operations, I should like to refer to the death of Shri Walchand Hirachand, whose initiative and foresight were mainly responsible for the establishment of our shipyard. Shri Walchand was a pioneer in the industrial field, and for his outstanding contribution to the development of shipping and the shipbuilding industry in India the nation owes a great debt of gratitude to him.

3. The Visakhapatnam Shipyard was taken over by your Company from the Scindia Steam Navigation Co. Ltd., on 1st March 1952 at a valuation of Rs. 272.86 lakhs, a figure arrived by an expert committee appointed by the Government of India. In addition, the Government of India have paid to the Company Rs. 39.6 lakhs, by way of cash contribution towards their capital in the Company. Two-thirds of the Company's shares are held by the Government of India and the remaining one-third by the Scindia Steam Navigation Co. Ltd. According to the arrangement arrived at between the Government of India and the Scindia Steam Navigation Co. Ltd., a sum of Rs. 167 lakhs had to be paid by the Government of India to the Debenture Trustees of the Scindia Steam Navigation Co. Ltd. over a period of five years beginning from 1952-53, towards the cost of acquisition by them of their portion of the share capital of the Company from the Scindia Company. This payment has been guaranteed by your Company by creating first mortgage on our assets in favour of the Debenture Trustees. Although the Government of India is the principal shareholder in your Company, the Company has a distinct legal entity, and its operations are carried on on commercial lines according to the Articles of Association.

4. At the time of the change over in March 1952, the Company took over an uncompleted order from the Government of India for three 8,000 d.w.t. vessels of the Standard "Jala"-type. The first of these three ships (s.s. "Jagrani") was practically ready for delivery except for certain machinery which was still to arrive from overseas. The second ship (s.s. "Jalapratap") had been launched on the 27th February 1952. The third ship (later named s.s. "Jalapushpa") was on the stocks. These three ships were completed and delivered according to programme.

5. The Company also inherited from the Scindia Steam Navigation Co. Ltd. an authorization given by the Government for building two more 8,000 d.w.t. ships of the same type. The keels of these two ships were laid on the 21st July 1952 and they have been on the stocks since then. I shall revert later to these ships and the causes for delay in their completion.

6. Immediately on its formation, the Company also received from the Scindia Steam Navigation Co. Ltd. an order for five 7,000 d.w.t. and two 8,000 d.w.t. vessels (for the Eastern Shipping Corporation) which are to be built to a new design and are to be powered with diesel motor engines. We are most grateful to the Scindia Steam Navigation Co. Ltd. for this order as without it the yard would have had little work to do at present.

7. At the time of taking over, the Government of India had received from the United Nations Organization, under the latter's technical assistance programme, the services of two shipbuilding experts to advise us on the reorganization and the development of the shipyard. It was felt, however, that it would be desirable to make a long-term arrangement for technical advice with some reputed firm of shipbuilders so that the Company might obtain men who were not only technical experts but whose opinion and advice would be backed by the experience and knowledge of the whole firm. Such an arrangement would also enable the Company to make co-ordinated and therefore more profitable arrangements for the training of the Company's employees in all branches of shipbuilding. Accordingly, the Company entered into an agreement for technical assistance with Societe Anonyme des Ateliers et Chantiers de la Loire, Paris, who have more than 100 years experience of shipbuilding. The agreement came into effect from the 15th July 1952 and will remain in force for 5 years. Under the agreement, the French firm will:—

- (a) provide technical advice in regard to organization, development and management of the shipyard and the building of ships, engines and all forms of ship's equipment;

(b) help in establishing a designing and estimating office at Visakhapatnam and use its best endeavours to obtain from France and other countries equipment, materials, etc.

(c) undertake to train Indian personnel in the shipyard and in its own organizations in France; and

(d) endeavour to secure orders for ships from outside India and if necessary, try to bring about the sale of Visakhapatnam-built ships

8. After the conclusion of this agreement, the two U.N.O. experts, Messrs A. P. Cole and E. F. Weis, left India in the beginning of July 1952. I take this opportunity of thanking them for their valuable assistance and advice and also thank the United Nations Organisation for making them available.

9. Throughout the period under review the shipyard has carried a large labour force for whom no work could be found. At the time of taking over, an agreement between the Labour Union and the Staff Association on the one side and the management on the other was in force under which the workmen and the staff had agreed to forego one-third of their dearness allowance in exchange for a promise from the management that there would be no retrenchment of surplus workmen and staff. Connected with this agreement was also pending an adjudication proceeding. In this award the Adjudicator ordered the restoration of the cut in dearness allowance for a limited period. Your Board of Directors, however, decided to restore the cut indefinitely, terminate the agreement and regain for the Company its liberty to retrench surplus workmen and staff. After carefully examining our requirements with the assistance of the French experts, we came to the conclusion that 813 workmen were surplus to our requirement on a long-term basis. Accordingly, these men were retrenched from 1st April 1953; and although the events I am going to speak of now did not take place during the period under review they are so important that I must bring them to the notice of the shareholders immediately.

The dispute arising from the retrenchment was referred by the Government of Madras to adjudication under the Industrial Disputes Act. Thereupon, the labour force, acting on their Union's instructions, went on strike, and the matter was raised in the House of the People on an adjournment motion. The Prime Minister discussed the matter with the Leaders of the Opposition, and finally it was decided, at the request of the Labour Union and with the agreement of the Company, to refer the dispute to the sole mediation of the Hon'ble Mr. Justice Mehrchand Mahajan, Judge of the

Supreme Court. Simultaneously, a joint request was made on the Adjudicator to drop the proceedings under the Industrial Disputes Act.

11. The award of the Mediator has just come to hand. I am glad to say not only that the Mediator's award upholds the retrenchment of 800 workmen but also that the award is the result of an agreement between the Labour Union and the management arrived at on the basis of a compromise formula suggested by the Mediator. We can now look forward to a period of peace, goodwill and co-operation between the workmen and the management. For this very satisfactory state of affairs our heartfelt thanks are due to the Hon'ble Mr. Justice Mahajan but for whose fairness, sympathy and tact such a result would have been impossible of achievement.

12. I shall now revert to the two 8,000 d.w.t. & Jala-type ships which are at present under construction. The first of these ships is for the Bharat Line Ltd. and will be launched on the 26th August 1953, while the second is for the Scindia Steam Navigation Co. Ltd. and will be launched towards the end of October 1953. Compared with the performance reached in the past, this is slow work. It has, however, been wholly due to difficulties in obtaining ship building steel, resulting from a number of unforeseen breakdowns in the only plate rolling mill in India. For future construction, the Government of India has permitted the Company to supplement the indigenous supplies by importing shipbuilding plates from overseas and it is expected that such hold-ups will not recur. Another bottleneck at present is the supply of propelling machinery. Although the orders for the engines and auxiliary machinery required for the two above-mentioned vessels were placed in December 1951, delivery F.O.B. Glasgow was promised only for October 1953 for the first ship and December 1953 for the second ship. It is, therefore, not improbable that these two ships will have to wait for the arrival of the machinery and thus take longer than usual to fit out and deliver.

13. On the question of subsidy for shipbuilding, satisfactory arrangements have been arrived at between the Company and the Government of India. The Government have accepted the principle that the price to be charged for ships built in our shipyard should be equivalent, as nearly as practicable, to the cost of building a similar ship in a shipyard in the United Kingdom and that the difference between the actual cost of construction and such price would be paid by the Government to the shipyard as a subsidy. This arrangement will remain in force until more experience has been gained of the cost of construction of ships of different designs. Our main problem in this connection remains the determination of

the U.K. "parity" price. Foreign shipyards cannot be expected to quote a price unless they have a reasonable chance of getting an order. Moreover, the cost of building the same ship is different in different shipyards even in the U.K. In these circumstances, your Company has experienced considerable difficulty in "quoting" a price. On the other hand, some shipowners have tended to compare our quotations with the price of similar secondhand ships. It is essential that some means should be found to solve this difficulty with the co-operation of the shipowners and the Director General of Shipping.

14. It is one of the main functions of the French experts to advise us on our programme of development. The FIVE YEAR PLAN has provided a sum of Rs. 14.08 crores for the expansion of the shipbuilding and the shipping industry. Of this sum Rs. 200 lakhs is for the acquisition of the shipyard, Rs. 475 lakhs for its development and Rs. 734 lakhs for the grant of loans to the shipowners for purchase of new or additional tonnage and for the payment of subsidies on ships built at the Visakhapatnam Shipyard. In addition to these sums, the Plan envisages an expenditure of about Rs. 4 crores in 1956-57 of which Rs. 150 lakhs will be expended on the development of the shipyard. The aim is to increase the production capacity of the yard to about 50,000 dwt. per year and to erect a shop for building marine engines in India (to be completed in 1957). As far as shipping is concerned, the plan is to increase the coastal and overseas tonnage to about 6,00,000 gross registered tons. Our contribution to this figure during the period of the Plan will be about 1,00,000 gross registered tons.

15. The French experts' proposals for the expansion of the shipyard have already been received and considered by your Board of Directors. They have been referred to the Government of India for their acceptance and will be implemented as early as may be practicable. The Government of India have already advanced Rs. 30 lakhs for the development works now in hand. Of the capital works in progress at the time of taking over from the Scindia Steam Navigation Co. Ltd., the third berth has been completed and equipped and a keel will be laid on it in a few days' time; the 35-ton crane has been erected; the foundations of the 125-ton crane are ready. The Erection Engineer for putting up this crane will be arriving next month and it is expected that the crane will be ready and in operation early in 1954. Our future programme, briefly, is to build one large and one small berth, to increase the capacity of the hullshop, machineshop and other shops, to install more up to date and more extensive craneage and to build a large prefabrication shop which would be adequate, if required, for building up to 12 ships a year.

16. Although as a result of a special appeal to shipowners, we were able to obtain one ship from the Scindia Steam Navigation Co. Ltd. and one ship from the Navy for major repairs and alterations, the repair work in the shipyard continues to remain very meagre. This is mainly due to the lack of adequate dry-docking facilities at Visakhapatnam. The provision of a suitable dry-dock at the Port is an urgent necessity.

17. The President visited the shipyard in January this year. It was Dr. Rajendra Prasad, who, as President of the Indian National Congress, laid the foundation stone of our shipyard in 1914. His visit to the yard was therefore of special significance as in the shipyard he could see the materialization of one of the earliest dreams of our people for self-dependence and economic advancement. I wish to convey our respectful thanks to the President for his blessings for our future success.

18. I wish also to place on record our appreciation of the co-operation and help received by us from the Navy. Very soon we hope to undertake in our shipyard the building of the simpler type of Naval craft for the Indian Navy.

19. From the accounts placed before you it will be seen that the Company suffered a loss of Rs. 15,47,616-4-3 during that period. This was wholly due to the loss sustained by the Company in fulfilling the order placed by the Government of India for the three ships to which reference has already been made. The contract provided for Rs. 64.5 lakhs per vessel subject to certain adjustments in respect of the cost of material, machinery and stores. The actual cost of construction of the three vessels was, however, Rs. 2,08,05,101-9-0 while the price payable by the Government of India under the terms of the contract was Rs. 1,92,42,407-0-0 thereby resulting in a loss of Rs. 15,62,694-9-0. The Government of India has under consideration the manner in which this loss may be made good to the Company.

20. Before concluding, I would like to draw your attention to one special feature of the shipbuilding industry which is rather apt to be overlooked. This industry is different from many others in that it requires, for the maintenance of production and the employment of labour, a fairly long period of preparation and planning. It is not a case of "repetitive" manufacturing. Ordinarily, each ship is different from the other. Building a ship is in some respects like building a house—a very large house worth about Rs. 100 lakhs, with materials and machinery more complicated and more difficult to obtain. In the present state of our development when steel supplies are difficult and uncertain and when propelling machinery has to be ordered from overseas, it needs 12 to 18 months to "plan and prepare" before the



keel of a ship can be laid. I therefore regard the period under review as one of preparation and consolidation if you like—rather than as a period of achievement. It has not been an easy period; and I am thankful to the officers and the staff and the workmen of the shipyard for their share in solving the problems that have arisen from time to time. In particular, I should like to express my appreciation of the conspicuously good work done by our Managing Director, Shri R. L. Gupta, who has fully maintained, in a new and unfamiliar sphere, the reputation he has won for himself in the Civil Service.

21. I now commend for your consideration and adoption the Profit and Loss Account and the Balance Sheet for the period 1st March 1952 to the 31st March 1953.

July 20, 1953.

N. R. PILLAI,  
Chairman.

## REPORT OF THE DIRECTORS

The Directors have pleasure in submitting the First Annual Report and Audited Profit and Loss Account and Balance Sheet for the period 1st March, 1952 to 31st March, 1953. During this period the Company suffered a net loss of Rs. 15,47,616-4-3. When the Company took over the Shipyard from its predecessors, the Company also took over the works in progress and the commitments in respect of ship construction. The Government of India had placed an order for three 8,000 d. w. t. Jala-type vessels @ Rs. 64.5 lakhs per vessel, subject to certain adjustments in respect of material, machinery and stores. The actual cost of construction of the three vessels was Rs. 2,08,05,101-9-0, while the price payable by the Government of India under the terms of the Contract was Rs. 1,92,42,407-0-0, thereby resulting in a loss of Rs. 15,62,694-9-0. The Government of India has under consideration the manner in which this loss may be made good to your Company.

During the period under review, s.s. "Jagrani" and s.s. "Jalapratap" which had been launched previously and were being fitted out at the time of taking over, were delivered to the Owners on 9th June 1952 and 9th August 1952 respectively. The s.s. "Jalapushpa" was launched on 9th July 1952 and delivered to the owners on 17th October 1952. Two vessels are under construction, the first for Messrs. Bharat Line Ltd., which is to be launched on 26th August, 1953 and is to be named s.s. "Bharatratna". The second vessel is for Messrs. Scindia Steam Navigation Co., Ltd., to be launched in October 1953 and will be named s.s. "Jalaputra". Among the orders received during this period were five 7,000 d. w. t. Maierform vessels (Diesel type) for Messrs. Scindia Steam Navigation Co., Ltd. two 8,000 d. w. t. Maierform vessels (Diesel type) for Messrs. Eastern Shipping Corporation Ltd., besides certain orders for small crafts from Port Trusts etc.

The Company has also received several enquiries from Naval Headquarters regarding construction of vessels for the Navy.

In July 1952, your Company entered into a five-year agreement for technical aid with a reputed firm of shipbuilders in France, viz., Societe Anonyme des Ateliers et Chantiers de la Loire, Paris. Under the terms of the agreement, the French firm will help the shipyard in the following manner:—

- (a) The French firm will provide technical advice in regard to organisation, development and management of the shipyard and the building of ships, engines and all forms of ship's equipment.
- (b) They will help in establishing a Designing and Estimating Office at Visakhapatnam and use their best endeavours in

obtaining from France and other countries the supply of equipment, materials, etc.

- (c) They will undertake to train the Indian personnel in the shipyard and in their own organisations in France; and
- (d) They will endeavour to secure orders for ships from outside India and if necessary try to bring about the sale of Visakhapatnam-built ships.

It is expected that with the assistance of this firm your company will be able to reduce the cost of building ships at Visakhapatnam.

Under the Articles of Association of the Company, Messrs. K. R. P. Aiyangar, N. Dandekar, Dharamsey M. Khatau, P. C. Bhattacharyya, Kasturbhai Lalbhai, Paul Maerten, Tulsidas Kilachand, Michael John, S. Jagannathan & Capt. I. F. M. Newnham now retire and, being eligible, offer themselves for re-election.

The Auditors of the Company Shri E. D. Visvanathan and Messrs. N. M. Raiji & Co., retire and are eligible for reappointment.

By Order of the Board,  
M. V. HATE,  
Secretary.

27th June 1953.

**HINDUSTAN SHIPYARD LIMITED**



## HINDUSTAN

## Profit &amp; Loss Account for the Period Ended

	Rs.	A.	P.	Rs.	A.	P.
To WORK-IN-PROGRESS as on 1st March 1952 (taken over from Vendor)						
Ship Building	1,42,90,874	1	0			
Ship Repairs	1,42,90,874	1	0			
SHIP CONSTRUCTION EXPENSES:				1,44,44,347	1	0
Materials						
Wages including Idle Labour	49,45,517	2	4			
17,00,560 12 0						
Direct Expenses	29,00,228	13	0			
Sub contract	3,17,102	2	0			
SHIP REPAIRS EXPENSES	1,90,998	8	4	83,98,920	9	8
Materials						
Wages	2,12,953	0	0			
Direct Expenses	1,49,248	6	0			
Sub Contract	9,571	5	0			
	40,234	12	0	4,31,997	14	0
" WAGES (not allocated to jobs)						
" SALARIES				5,93,744	7	6
" MANAGING DIRECTOR'S REMUNERATION				15,76,384	7	6
" COMPANY'S CONTRIBUTION TO STAFF AND WORKERS' PROVIDENT FUND AND INSURANCE				45,500	0	0
" ELECTRICITY AND POWER						
" MISCELLANEOUS MANUFACTURING EXPENSES (including material handling)				2,86,102	4	0
" REPAIRS AND MAINTENANCE				1,52,665	9	0
" RENT, RATES AND TAXES						
" INSURANCE				2,34,704	14	0
" MEDICAL AND SANITATION EXPENSES				7,00,179	3	0
" WATCH AND WARD EXPENSES				45,098	15	0
" TRAVELLING EXPENSES				1,10,041	1	0
" ESTABLISHMENT EXPENSES				1,25,578	2	0
" LEGAL FEES				1,36,157	2	0
" FRENCH TECHNICIANS' SALARIES & EXPENSES				42,629	2	0
Salaries (including salary to Technical Director Rs. 34,193 9 0)				1,98,280	15	9
Other Expenses				7,813	5	9
" COMMISSION PAYABLE TO SOCIETE ANONYME DES ATELIERS ET CHANTIERS DELA LOIRE, PARIS (subject to adjustment).	58,726	14	0			
" AUDIT FEES	13,210	8	0	71,937	6	0
" DIRECTORS' FEES AND TRAVELLING EXPENSES						
" NET LOSS ON SALE OF PONTOON SCRAP				2,28,341	1	0
" DEPRECIATION				4,500	0	0
				13,012	15	6
				4,898	2	0
				9,25,930	5	0
				2,87,78,764	14	8
				2,10,448	0	0
				2,85,68,316	14	8
LESS Overhead Expenses debitable to Capital jobs						
				62,23,522	5	8
				47,18,705	0	0

\*These items include allocations in respect of materials and wages.  
 (1) Gross materials consumed  
 (2) Gross wages  
 As per Report on the Balance Sheet annexed herewith  
 N. M. RAJJI & CO,  
 E. D. VISVANATHAN,  
 Chartered Accountants.

## SHIPYARD LIMITED.

31st March 1953—(1-3-1952 to 31-1-1953)

	Rs.	A.	P.	Rs.	A.	P.
By COMPLETED WORKS :						
Ship building	1,92,42,407	0	0			
Ship repairs	7,20,099	8	0	1,99,62,506	8	0
" WORK-IN-PROGRESS as on 31st March 1953						
Shipbuilding (including idle labour Rs. 11,67,122 13 0)	66,79,468	13	0			
Ship repairs	80,867	10	0			
" STAFF COLONY AND BUNGALOW RENT				67,60,336	7	0
" INTEREST ON BANK DEPOSITS AND INVESTMENTS				1,11,069	3	6
" MISCELLANEOUS RECEIPTS				1,11,203	9	5
" LOSS DURING THE PERIOD				75,584	14	6
				15,47,616	4	3

2,85,68,316 14 8

A. SESHAGIRI RAO,  
Chief Accountant.

25th June, 1953

P.C. BHATTACHARYYA,  
 Chairman of the Meeting.  
 R.L. GUPTA,  
 Managing Director.  
 MICHAEL JOHN,  
 I.F.M. NEWNHAM,  
 K.R.P. AIYANGAR,  
 N. DANDEKER.

Directors.

# HINDUSTAN Balance Sheet

## CAPITAL AND LIABILITIES

### CAPITAL

#### AUTHORISED CAPITAL

1,00,000 Ordinary Shares of Rs. 100/- each.

#### ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(i) 10,700 Ordinary Shares of Rs. 100/- each issued as fully paid up to the President of India for consideration other than in cash pursuant to Clause 4(a) of the collateral Agreement dated 23rd February 1952

(ii) 10,300 Ordinary Shares of Rs. 100/- each issued as fully paid up to Vendors for consideration otherwise than in cash pursuant to Clause 4(a) of the Agreement for sale dated 23rd February, 1952

(iii) 3,990 Ordinary Shares of Rs. 100/- each issued for payment in cash

#### AMOUNT DUE TO VENDORS ON THE BUSINESS PURCHASE ACCOUNT

#### ADVANCES

##### (i) GOVERNMENT OF INDIA, MINISTRY OF PRODUCTION

- (a) For Yard Development
- (b) For subsidy for ships

(ii) Advances secured against ships under construction and against orders for ships

#### LIABILITIES

- (i) For Capital Expenditure.
- (ii) For goods supplied
- (iii) For expenses
- (iv) For other finance
- (v) Trustees for Provident Funds for Employees and Daily, rated Workers
- (vi) Commission payable to A. C. L. Patrons (subject to adjustment)

C/O

Rs. A. P.

10,00,00,000 0 0

3,09,90,000 0 0

\*2,86,160 15 5

45,00,000 0 0

1,85,80,000 0 0

20,99,929 13 0

5,19,56,090 12 5

## SHIPYARD LIMITED.

at 31st. March, 1953.

## PROPERTY AND ASSETS

Rs. A. P. Rs. A. P.

### \* FIXED CAPITAL EXPENDITURE :

At cost less depreciation. (Details as per schedule attached)

SHIP DESIGNS AND PLANS (to be allocated)

PRELIMINARY EXPENSES :

Including stamp duty on mortgage of assets

CURRENT ASSETS:

STORES AND SPARE PARTS as per certified inventories

WORK-IN-PROGRESS, at cost (including Cost of Idle Labour Rs. 11,67,122 13 0 as certified by the Managing Director)

GOVERNMENT OF INDIA, MINISTRY OF PRODUCTION:

(i) Due for Yard Development and subsidy for ships

(ii) Due against Cost of construction of II batch of 3 ships on Government account

### BOOK DEBTS:

(i) Unsecured and considered good

(ii) Claims recoverable

### ADVANCES & DEPOSITS:

(i) Advances for supply

of goods

(ii) " to staff

(iii) " to workmen

(vi) " Prepaid expenses

(v) " Sundry Deposits

### INVESTMENTS, AT COST:

1964 4 % Government of Madras Loan (Face value Rs. 36,000/-)

1000 shares of Rs. 5/- each of Scindia Shipyard Labour Co-operative Stores, Ltd., Visakhapatnam

### CASH & BANK BALANCES:

Cash on hand

Cash with banks :

On current account

On call & fixed Deposits

C/O

# **HINDUSTAN** Balance Sheet

## CAPITAL AND LIABILITIES

SECURITY DEPOSIT (as per contra)

CONTINGENT LIABILITY :

In respect of guarantee on behalf of the President of India to the Trustees for Debenture holders of the Scindia Steam Navigation Co. Ltd., Bombay Rs. 1,33,60,000/-

## AUDITORS REPORT TO THE SHAREHOLDERS OF HINDUSTAN SHIPYARD LIMITED.

We have audited the annexed Balance Sheet of the HINDUSTAN SHIPYARD LIMITED, as at 31st March, 1953, and also the annexed Profit and Loss Account of the Company for the period ended on that date and report that :

- we have obtained all the information and explanations which we have required;
- in our opinion the annexed Balance Sheet and Profit and Loss Account referred to in the report are drawn up in conformity with the law ;
- such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company ; and
- in our opinion, books of account have been kept by the Company for the period under report as required by Section 130 of the Indian Companies Act, 1913.

N.M. RAIJI & CO.,  
E.D. VISVANATHAN,  
Chartered Accountants.

25th June, 1953.

Rs. A. P.

B.F.

5,19,56,090 12 5

37,000 0 0

5,19,93,090 12 5

# **SHIPYARD LIMITED.**

at 31st. March, 1953.

## PROPERTY AND ASSETS

Rs. A. P.  
B/F. 5,04,08,474 8 2

## PROFIT & LOSS ACCOUNT :

Loss during the period	15,47,616 4 3
SECURITY DEPOSIT (as per contra)	37,000 0 0
3 % Victory Loan 1957, at face value	5,19,93,090 12 5

## NOTE:—

(1)\*This account is to be settled on completion of the Conveyance Deed as follows:

- |   |               |
|---|---------------|
| (a) By issue of 190 fully paid Ordinary Shares of Rs. 1,000/- each to the President of India in terms of Clause 4 (b) (ii) of the Agreement for Sale dated 23rd Feb. 1952 | 1,90,000 0 0  |
| (b) By issue of 95 fully paid Ordinary Shares of Rs. 1,000/- each to Vendors in terms of clause 4 (b) (i) of the Agreement for sale dated 23rd February 1952              | 95,000 0 0    |
| (c) By payment of cash to Vendors   | 1,160 15 5    |
|   | 2,86,160 15 5 |

(2) Slipways, Buildings and Fixed Plant and Machinery are mortgaged to the Debenture Trustees of the Scindia Steam Navigation Company Limited.

(3) Further stamp duty and registration fee is payable on the Conveyance and Mortgage deeds Rs. 80,107 12 0.

(4) No provision has been made in respect of interest amounting to Rs. 14,794 8 4 claimed by the Government of India vide their letter D/O. No. P/12(2)/51-VS dated 2nd June 1953 as the liability is not admitted.

(5) 1964 4% Government of Madras Loan (Face Value Rs. 36,000/- is deposited with the Chief Accountant, Andhra Power System.

P.C. BHATTACHARYYA,  
Chairman of the Meeting.

R.L. GUPTA,  
Managing Director.

A. SESHAGIRI RAO,  
Chief Accountant.

MICHAEL JOHN,  
I.F.M. NEWNHAM,  
K.R.P. AIYANGAR,  
N. DANDEKER.

Directors.

25th June, 1953.

# HINDUSTAN SHIPYARD LIMITED, VISAKHAPATNAM.

Schedule Attached to and Formin Part of the Balance Sheet as at 31-3-53.  
Fixed Capital Expenditure as at 31-3-53.

	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Balance as on 31-3-53
Cost of assets take over from Vendors as per Valuation Committee Report.			Stamp duty etc, on transfer of assets				Additions during the years				TOTAL		
1. Slipways and Fitting-out wharf . . . . .	36,80,624	1 6	81,949	0 0	31,849	6 0	37,94,422	7 6	1,44,038				
2. Shipyards buildings . . . . .	29,32,773	2 1	65,298	0 0	57,053	13 0	30,55,124	15 1	1,39,573				
3. Other works . . . . .	5,80,622	12 0	12,928	0 0	28,044	5 0	6,21,595	1 0	33,208				
4. Machinery, tools, equipment, etc. . . . .	33,33,299	12 2	74,215	12 0	30,62,081	7 11	64,69,597	0 1	3,31,043				
5. Furniture & Fixtures . . . . .	1,34,034	1 9	2,984	0 0	40,531	3 0	1,77,549	4 9	9,773				
6. Staff Colony . . . . .	47,86,161	7 11	1,06,576	0 0	31,534	1 0	49,24,271	8 11	2,57,199				
7. Launches and Boats . . . . .	15,831	5 0	352	0 0	..		16,183	5 0	1,007				
8. Motor Cars and Lorries . . . . .	11,565	6 0	257	0 0	20,724	3 0	32,546	9 0	7,430				
	1,54,74,912	0 5	3,44,559	12 0	32,71,818	6 11	1,90,91,290	3 4	9,25,930				
													25,116 2 0
													1,81,65,359 14 4

N.M.R. & Co.  
B.D.V.

## APPENDIX III

Chairman's Report to the shareholders of the Hindustan Cables Limited at the First Annual General Meeting of the company held at Chittaranjan on 26-1-54.

FIRST ANNUAL GENERAL MEETING OF THE HINDUSTAN CABLES LTD. HELD ON 26-1-54.

On behalf of the Board of Directors of Hindustan Cables Limited it is my pleasant duty to extend to you all a cordial welcome to this first Annual General Meeting of the Company. This being the first statutory meeting of the Shareholders of the Company since its formation and incorporation on the 4th August, 1952, I take this opportunity to present to you, gentlemen, a brief history of the Telephone Cable Factory Project of the Government of India.

### Brief History

India's requirement of paper insulated, lead covered and armoured telephone cables, at present met entirely from imports, is estimated to be of the order of Rs. 1½ crores a year, and it is a continually rising demand. The annual demand of the Posts and Telegraphs Department was conservatively estimated in 1949/50 to be at least Rs. 80 lakhs. The estimated minimum demand was considered adequate to justify the establishment in India of an economic unit of production, and the Government of India decided that in this vital communication industry India should not continue to depend entirely on foreign countries. After consideration of a project report submitted by a Special Officer appointed for the purpose, it was finally decided to set up a factory with the technical assistance of some foreign manufacturers at an estimated cost of Rs. 110 lakhs. An agreement was entered into with Messrs. Standard Telephones and Cables Ltd. of the United Kingdom and the detailed planning of the factory was then undertaken. The Agreement lays down that for certain considerations, the Standard Telephones and Cables Ltd. are to bring the factory into operation. During implementation of the scheme following the Standing Finance Committee's approval and the Government of India's sanction, the financial requirement was further reviewed by the Planning Commission and allocation of funds to the extent of Rs. 130 lakhs. was made.

The bulk of the plant and machinery was ordered mainly through the DGISD, London, over a period of nearly 10 months from July 1951 to May 1952.

Subsequent to placing the contracts for the buildings, plant and machinery and after the factory had made fair progress, a limited company was constituted in August, 1952 in the name of HINDUSTAN CABLES LIMITED to take over the entire assets and liabilities of the Government of India Telephone Cable Factory Project, the Company being owned and financed by the Government of India, and under the overall control of the Ministry of Production. The factory is located at Rupnarampur, near Chittaranjan, about 140 miles north-west of Calcutta in the industrial region of the Damodar Valley.

#### Progress

Six technical personnel for this factory were recruited early in 1952 and sent to the Works of the Consultants in U.K. for specialising in various departments over a period of 12 months, and on completion of training they have since taken up their respective positions in the factory in the erection of individual sections, preparatory to taking over charge of production therein. The steel structure was completed about February 1953, and the construction of the walls, floors, foundations, doors, windows and other details was very largely completed by stages upto September 1953. The outstanding work has since been maintaining pace with the requirements of plant and machinery installation.

The deliveries of plant and machinery commenced largely from November 1952 and spread over the whole of 1953, and there are just a few outstanding items which are expected to be shipped in January or February this year. The erection of the plant and machinery has been in progress mainly during the last quarter of 1953 and it is expected to be completed by the end of March 1954.

Consistent with the progress of construction of the factory buildings, a time schedule was drawn up in early 1953 in consultation with Standard Telephones and Cables Ltd., based on factual delivery promises, to complete installation of the plant and machinery and commission the factory by March/April 1954 for the production of armoured cables as required by the P.&T. The present position indicates that the first stage could be reached some time in February 1954, still maintaining the target of production of armoured cables by April 1954.

The Drum Shop for manufacture of cable drums was completed and commissioned in the middle of December 1953, and manufacture of drums has been in progress. The Insulating, Twisting and

Stranding Shop has been practically completed and trial productions commenced. The initial commercial production of unarmoured cable is to wait until completion of one or two major plant installation in the line.

The Raw Material Inspection Room for testing raw materials is ready. The principal raw materials used in the telephone cable manufacture are copper, paper, cellulose string, lead, bitumen, jute and hessian, steel tape or galvanised wire.

The factory has been planned to produce about 470 miles length of cables of different specifications valued at nearly a crore of rupees at the present price levels. The inauguration of this factory will mark the commencement of an unprecedented expansion in the field of communication supplies in India, and contribute further towards the growth of our industry.

While it is rather difficult to forecast the production in the first year of operation, it is anticipated that from the time the initial teething troubles of the plant and machinery are overcome, the factory will produce anything upto 75 per cent. of the target production in the first year and will reach full production in the second year as per schedule. In view of the increased P.&T. demand for cables, as recently advised, the question of extension of certain sections of the factory to increase the production capacity has already been engaging the attention of the Company.

Construction of a residential colony is fairly complete with the exception of roads and service drains which are in progress, and the residential quarters have been in occupation by the staff since December 1953. Occupation of all the quarters will be completed according to allotments to be made to the factory workers who are absorbed on regular production.

#### Balance Sheet and Profit and Loss Account

In presenting the audited Balance Sheet of the Company as at 31st March, 1953, I have to invite your attention to the fact that this Balance Sheet covers the whole period of development up to 31st March, 1953. Although the Company was registered on 4th August, 1952, the actual financial transfer from D.A.G.I. & S., Government of India, to operations from the Company's own funds took place on and from the 9th November 1952. So, the present Balance Sheet consists of 2 parts, the first part being the Assets and Liabilities Statement covering the total expenditure on the Project as booked by D.A.G.I. & S., up to 9th November, 1952, and the second part covering the expenditure as shown in the Company's books from that date up to 31st March, 1953.

The Capital expenditure on Buildings and Plant and Machinery in the year under review was comparatively small, because the major buildings work was completed and paid for beyond March-April 1953, and the bulk of the plant and machinery delivered in the financial year 1953-54.

It will be noted that the whole of the revenue expenditure on the Project has been treated as Deferred Revenue Expenditure, which is proposed to be written off from the profits of the Company in the initial year of factory production. Since the factory is still not in production and the Company has not had any commercial operation as yet, the Profit and Loss Account has been shown as NIL, ignoring the negligible land revenue.

#### Directors

As per Articles of Association, Directors are appointed by the President of India and hold office during the pleasure of the President and are not subject to rotation or reappointment. I would like to record on this occasion the Board's sincere appreciation of the services rendered by the retiring Chairman and Directors of the Company, Shri N. N. Majumdar, Shri A. Baksi, Shri B. C. Mukharji and Shri M. P. Pai.

#### Auditors

By resolution No. 2 of the minutes of the 4th Board Meeting, the Board of Directors appointed Messrs. Ray & Ray as Auditors of the Company for the year 1952-53. The reappointment of the Auditors for the year 1953-54 was considered by the Board in their 7th Meeting, and they recommended that subject to confirmation in the General Meeting of the Shareholders, Messrs. Ray & Ray be requested to continue as Auditors of the Company. It is further recommended by the Board that they may be reappointed for the year 1954-55 for a suitable fee to be negotiated and settled between M/s Hindustan Cables Ltd. and Messrs. Ray & Ray.

#### General

During the last visit on the 13th January '54 to the Telephone Cable Factory, Shri K. C. Reddy, Minister of Production, Government of India, enquired about the possible extension of the scope of manufacture of the Cable Factory. He was advised that in addition to the rising demand of telephone cables which would have to be met by further extension of the factory, it was envisaged in the original plan that in due course manufacture of power cables could be embraced within the scope of manufacture of the Company. He

observed that it was time to take the planning in hand from this stage. I therefore, submit before the Shareholders that there is a vast field of activities for the development of a full-fledged cable industry, and there is huge demand for power cables and telephone cables to justify expansion of the factory from year to year. My recommendation is that the Company will continue to assess the country's demands for cables and extend its field of activities step by step watching the actual progress and the returns on investments at every point.

A point that is very important, and which was mentioned to Shri K. C. Reddy, was that practically all the raw materials supplies required have at present to be imported. While my recommendation on the one hand is that the Company should consider extending its activities, steps must at the same time be taken to ensure that as far as possible, raw materials are available within the country; and active measures considered to encourage the establishment of the manufacture of such raw materials. If these steps are not taken early, in a severe emergency, this factory will be practically inoperative.

Before concluding this address, I must place on record the sincere effort put in by the General Manager and the staff of our Company, as well as others associated with this undertaking. They have all given of their best, and while it has not been possible to improve on the original schedule which we have been trying to, this is for reasons beyond control. I am sure you will join me in recording here our grateful thanks to the General Manager and all employees of our Company, the different Ministries of the Government of India, particularly the Production Ministry, and the Works, Housing and Supply Ministry for the Central P.W.D. and the D.G., S & D., the West Bengal Government and of course, our associate, Messrs. Standard Telephones and Cables Ltd.

On behalf of Messrs. Hindustan Cables Limited, I would like to acknowledge the ready assistance that has been made available by the personnel of the Chittaranjan Administration, and this has helped very considerably in getting this Project through. Siting the factory in this particular place has undoubtedly made it possible to make use of the many facilities available, which would otherwise have taken time to establish.

P. C. MUKERJEE.

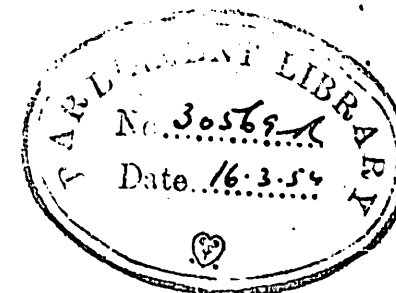
26th January 1954.



# HINDUSTAN CABLES LIMITED

### BALANCE SHEET AS AT 31-3-1953

**TOTAL**



GOVERNMENT OF INDIA  
Ministry of Production

SUMMARY, 1953-54

The Production Ministry continues to play its role in promoting the industrialisation of the country by careful planning and by the active and progressive participation of the State in the creation of new industrial undertakings in certain basic industries of national importance. The most significant achievement for the year under consideration has been the agreement concluded for the establishment of a new steel plant under the aegis of the State with an initial capacity of half a million tons of ingot steel to be expanded later to a million ton capacity.

A brief resumé of the major activities of the Ministry is given below.

*Hindustan Steel Limited*

Substantial increase in the country's production of steel has been under consideration for some years. In addition to provision for the expansion of the capacity of the two existing major units, the necessity for creating a new unit incorporating the facilities for the production of steel in categories in which we are principally in deficit, has long been felt and will now be met by the agreement which was concluded at Bonn on the 15th of August, 1953, with two German firms of international repute, viz., Messrs Fried Krupp, and Messrs. Demag for erecting and commissioning a new unit with an initial capacity of half a million tons of ingot steel. The two firms will assist technically and collaborate financially in the construction of a new steel plant, the capital cost of which is estimated to be about Rs. 71.25 crores. The German investment, which is related to the volume of orders on them, will be for a period of about ten years, with option to either side to continue the association for a further period of ten years.

An agreement providing for technical consultation arrangements for the planning, erection and initial operation of the new steel plant

was also signed. The Combine will continue as consultants till the Plant is commissioned and then for a further period of three years without any additional remuneration. The commissioning of the site is expected to take four years from the date of selection of the site. The Technical Consultants will receive a fixed fee of about Rs. 2.10 crores, which works out to about 3 per cent of the estimated cost.

A new private limited company under the name 'Hindustan Steel Limited' to own and operate the Plant with an authorized capital of Rs. 100 crores has been incorporated. It is intended that the ratio in the share holding between the Government and the German Combine will be maintained at 4:1. A substantial proportion of the capital investment will be in the form of loans, whether raised externally or internally.

On the basis of the recommendation of the German experts and after discussion with the State Governments concerned, the Government of India have decided that the plant should be located at Rourkela in Orissa.

#### *Hindustan Shipyard Limited*

Government have been associated with the Visakhapatnam Shipyard for about two years, their financial interest now being Rs. 238.50 lakhs out of the total issued capital of Rs. 342.75 lakhs. They have sanctioned a programme for the development of the shipyard costing Rs. 180 lakhs which is based on the recommendations of the French firm of technical experts as modified by the Board of Directors. Under this plan the shipyard will be immediately expanded so that it has the capacity to build six to eight ships a year, and there will be scope for further expansion to the capacity of twelve ships per year, if such expansion is found to be justified at a later stage. This expansion plan is already being implemented, the allotment to the shipyard, for the current year for this purpose, being Rs. 30 lakhs. The manufacture of marine engines, boilers and other auxiliary machinery at the Shipyard is also under the consideration of the Government.

During the year under review, two Jala-type ships of 8,000 D.W.T. each were launched and are being completed and keels were laid for three 'Maierform'-type diesel ships of 7,000 D.W.T. each. It is noteworthy that at no time in the history of this Shipyard was construction work in progress simultaneously on five large vessels. In addition to the orders already secured by the Shipyard, negotiations for orders for several ships have been completed with Indian Shipping Companies, the Navy and the Lighthouse Department.

The Shipyard was having on its strength a large number of labourers to whom it was not possible to allocate any work even after allowing for all expansion in capacity being planned. The mediation of Shri Justice Mehr Chand Mahajan was secured in a dispute about the surplus labour in the yard and an annual saving of about Rs. 10 lakhs effected by the retrenchment of the appropriate number.

The Government are alive to the need for a Dry Dock at Visakhapatnam and have accordingly decided that the Hindustan Shipyard Ltd. should undertake the construction of such a Dock. It is hoped to begin the work during 1954-55.

#### *Sindri Fertilizers and Chemicals Limited*

The first annual Report of the Company for the period 16th January 1952 to 31st March 1953 showed a gross profit of Rs. 2.71 crores. Out of this, the Directors set apart a sum of Rs. 1.6 crores towards depreciation and Rs. 48 lakhs towards additional provision for repairs. Of the balance of Rs. 62 lakhs, Rs. 35 lakhs were utilised for paying interest on loans from the Government and Rs. 26 lakhs in writing-off development expenditure, leaving a net profit of Rs. 95,000 to be carried forward.

The production of ammonium sulphate during the year 1953 amounted to 2,65,704 tons as compared to 1,72,519 tons in 1952. The factory could not reach its rated capacity of production on account of certain plant troubles which developed in the course of the year. These have received careful study and investigation by top ranking engineers and the designers of the plant. It is expected that as a result of these studies production will improve during the year 1954.

To avoid imports of iron-oxide catalyst which is a recurring demand, a Catalyst Plant has been installed at a cost of Rs. 3.5 lakhs. This plant was developed, designed and constructed departmentally by Indian engineers. Production is in progress and the plant is running satisfactorily. The estimated cost of the catalyst produced at Sindri is about Rs. 2500/- per ton whereas the imported catalyst has been costing Rs. 10,000 per ton.

The construction of a Coke Oven Plant at Sindri which was taken up in the middle of 1952, is nearing completion; it is expected to go into operation about the middle of August 1954. The construction of a cement plant by Associated Cement Companies of India is also well under way and in line with the time schedule. A project is also in hand for the expansion of the present Sindri Factory so as to produce other nitrogenous fertilizers like Urea and Ammonium Nitrate, making use of the waste gases from the coke ovens. The

different firms who were invited to tender are visiting Sindri to obtain first hand knowledge to enable them to submit project schemes and tenders.

### *Hindustan Cables Limited*

This factory has been planned to meet the requirements of the P. & T. Department in paper insulated, lead-covered and armoured telephone cable at present met entirely from imports. It has been designed to produce about 470 miles of cables per year valued at nearly a crore of rupees at the present price level.

This project is now very near completion. The bulk of the plant and machinery has been received and installed. The few remaining items are expected to be shipped early in 1954. The installation of the plant and machinery has been in progress mainly during the last quarter of 1953 and is expected to be completed by the end of March 1954.

The Drum Shop for the manufacture of cable drums was completed and commissioned in the middle of December 1953, and manufacture of drums has been in progress. Trial production has commenced in Insulating, Twisting and Stranding Shops.

Since the time this factory was planned, in order to meet the requirements of the P. & T. Department as then foreseen, these requirements have increased, but it is anticipated that the factory may be able to meet the increased P. & T. demand by double shift operation pending suitable extension to the factory and installation of balancing equipment to the extent found necessary.

### *Oil Refineries*

The Standard-Vacuum Refinery will be the first to go into production and is expected to be commissioned in July, 1954, about six months in advance of the original schedule.

The Burmah-Shell Refinery, originally planned to commence production in the beginning of 1956, is likely to be commissioned in the first quarter of 1955.

The year 1954-55 will thus see the start of operations in two modern refineries with a total annual throughput capacity of about 3.2 million tons of crude oil.

Towards the close of the year 1952-53, the Government of India accepted the proposals of Caltex (India) Ltd., for the establishment of a third oil refinery at Visakhapatnam with a throughput capacity of 0.5 million tons of crude oil per annum. The work on the Caltex

Refinery is expected to start in the beginning of 1955 according to the agreement. Preliminary investigations regarding the supply of various services and requirements are already in progress in consultation with the Government of Andhra and the other authorities concerned.

### *Hindustan Housing Factory Limited*

The equipment of the Hindustan Housing Factory has been repaired and reconditioned and the unit re-equipped with wood-working, foam concrete panel, pre-stressed concrete, cement concrete pipe making and other machinery. The factory has already commenced the manufacture of wood-work against orders received. The production of cement concrete pipes is also proceeding apace. In the course of the year 1954, full production in all lines of manufacture is expected to be established.

### *National Instruments Factory, Calcutta*

The plan of reorganisation of this factory at a cost of Rs. 1.82 crores, is well under way. This scheme covers construction of new buildings, purchase of balancing equipment and of new machinery to replace old and obsolete ones.

Production at the factory has been rising steadily since 1949-50. In the first nine months of 1953-54 the value of production including repairs is Rs. 12.09 lakhs. The level of production and repair work attained in 1952-53 viz., Rs. 18.15 lakhs is expected to be maintained in 1953-54 also.

Some new items of manufacture like theodolites, high temperature thermometers and rod stadia and certain new processes have been developed. Several other new types of instruments have also been taken up for development. Seven stipends have been established in the factory by the Ministry of Education for training students in Instrument Technology.

### *Penicillin Factory*

The penicillin factory is being established with the assistance of the World Health Organisation and the United Nations Children's Fund.

The year 1953-54 was spent in the construction of the factory buildings and the purchase of plant and machinery. The building construction is under the charge of the C.P.W.D. who have designed the buildings to the requirements of the UNTAA and the Factory's technical officers. Several of the buildings are complete and installation of the machinery has commenced. The entire building programme of the factory is expected to be complete by mid 1954. The construction of the first phase of the staff quarters is also well under way and will be completed by the same date.

### *Hindustan Machine Tools Ltd*

Owing to certain technical difficulties, the original production schedule of the Hindustan Machine Tools Ltd. could not be adhered to. These difficulties have now been resolved. The two hangars which will house the machine shop and the auxiliary departments will be ready by the end of March 1954. A third hangar for the assembly line will be ready as soon as required. Work on the Administrative Buildings, Canteen, First Aid Station, Garages etc. will be taken in hand shortly. The hangars will be ready for installation of machinery (which have been ordered in full and a substantial portion of which has already arrived at site) by the end of March 1954 and production will commence according to the revised programme about the middle of 1954.

### *D.D.T. Factory*

Under the anti-malarial programme, the Government of India are setting up in Delhi a factory for the production of 700 tons per year of D.D.T. with the assistance of UNICEF and UNTAA. A joint plan of operations has been drawn up under which Government will contribute Rs. 22.45 lakhs towards buildings services and working capital, and the UNICEF and UNTAA \$3.5 lakhs towards plant, equipment and technical assistance.

The construction of the main factory building started early in November 1953. The building is expected to be completed by the end of June 1954. The installation of the plant and equipment supplied by UNICEF will commence in March 1954.

### *Nahan Foundry Limited*

The Nahan Foundry (Himachal Pradesh), a small but useful unit, came under the ownership and control of the Government of India on federal financial integration. The capital at charge is Rs. 40 lakhs. This foundry manufactures sugarcane crushers, sugar boiling pans and other miscellaneous articles required for gur manufacture. It has recently started experimental production of centrifugal pumps (both power and bullock driven), paddy thrashers and corn shellers for all of which there is a demand in the country particularly in the North.

### *Synthetic Oil*

The question of the manufacture of synthetic oil from low-grade coal available in the country has been under consideration for some time. Various schemes were formulated in this behalf but not much progress could be made primarily because of the heavy outlay in expenditure required. Recent investigations conducted on lignite in South Arcot have suggested that those deposits also have potentiality

for the manufacture of oil. Moreover, since the last project reports were drawn up, considerable progress in the development of the manufacturing techniques is reported to have been made in the United States and Germany. In order to take stock of the latest developments and to consider the utilisation of lignite, it is proposed to obtain fresh project reports from a number of firms of international repute to form the basis of further action.

### *Heavy Electrical Equipment Project*

Two firms of international repute, who have accepted the principle of technical and financial participation with Government in the promotion of a factory to manufacture heavy electrical equipment have submitted preliminary project reports.

### *Coal*

The control on coal was continued during the year. The Commodity Controls Committee which examined during the year the question of various controls exercised by the Government also recommended the continuance of the control on coal in the present form.

The total raisings and despatches of coal in India during the year 1953 amounted to about 35.8 million tons and 30.7 million tons respectively, as against 36.2 million tons and 31.1 million tons in 1952. Production in Bengal and Bihar fields showed a slight decline during 1953 partly on account of the pegging of the output of metallurgical coal. The fall in despatches during 1953 was mainly due to the fall in exports. The total quantity of coal exported (including Pakistan) in 1953 was about 1.99 million tons as against 3.30 million tons in 1952.

The production of selected grades of metallurgical coal has been pegged since 1952 in order to check the tendency to increase the output of this class of coal, the reserves of which are somewhat limited, avoiding however any dislocation to the industry. The production has been brought down from 7.9 million tons in 1951 to approximately 7.3 million tons in 1953. From 1953, the production of Grade I and Grade II Coking Coals is also pegged at the level of the 1952 production.

The problems of coal washing in India have been studied by a Committee appointed by the Coal Board and the interim report of the Committee is under examination.

Action is in progress to ascertain whether stowing for conservation should be enforced under the Coal Mines (Conservation and Safety) Act. Assistance is being granted for voluntary stowing and

protective works. Several protective works to safeguard collieries from danger of underground fires are being carried out by the Board directly. Government have also permitted the Board to grant assistance for stowing for conservation on same terms as for stowing for safety.

The Railway Collieries continued to be managed under the control of the Ministry of Production. During the year 1952-53 these Collieries have shown a net profit of Rs. 61 lakhs.

Government have decided to abolish the Contract System of coal raising in the two remaining Railway Collieries in which this system is still in force, viz., Bokaro and Kargali, and it is hoped that it will be possible to resort to departmental working in these collieries by April, 1954.

#### Salt

The target of production of 837 lakh maunds of salt to be attained by 1955-56 under the Five Year Plan has already been exceeded, the production during 1953 having been 860 lakh maunds. Exports, which were mainly to Japan, also showed a slight upward trend with the total at 71 lakh maunds exclusive of Nepal. The selling price of salt in the country declined slightly.

The Salt Cess Act, 1953 came into force on the 2nd January, 1954. The Cess Rs. -/3/6 per maund on salt produced in Government factories and Rs. -/2/- per maund on production in private factories was from then onwards levied under that Act, whereas previously the levy at the same rates was in virtue of a notification under Section 37 of the Central Excises and Salt Act 1944. The proceeds from the Cess are to be utilised for expenditure *inter alia* on establishment, research stations, model farms, labour welfare and development of the industry in general.

The standard prescribed for salt for 1953, namely 93.5—94 per cent. of sodium chloride content was observed and in future would be enforced in the case of the unlicensed small scale manufacture also. For 1954, the standard was in effect raised by 0.5 per cent. to 94 per cent. Three more Test Laboratories were established in Madras and Orissa. The Mandi Scheme for the development of rock salt was progressed further and the programme for core drilling was revised to meet the technical difficulties that had been experienced.

Government have recently decided to reduce the area in which small scale production of salt can be carried without licence from 10 acres to 2½ acres with effect from 1st March, 1955. The existing

10-acre concessions will be allowed a period of 12 months for clearing their stocks of unlicensed production.

In view of the satisfactory stock position of salt in the factories as well as in the market, it has further been decided to reduce the Government reserve of salt in private factories from 20 per cent to 10 per cent.