

# Rohtas Industries Limited

## (Managing Agents: Sahu-Jain Ltd)

Speech of the Chairman, Shri Shanti Prasad Jain, at the Twentieth Ordinary General Meeting of the Company, on Tuesday, the 7th July, 1953, at Dalmianagar, Bihar.

GENTLEMEN,

I have pleasure in welcoming you to the twentieth Ordinary General Meeting; The Audited Accounts of your Company for the year ended 31st October, 1952, together with the Directors' Report are already in your hands. With your permission, I shall take them as read.

### IMPROVED PRODUCTION

At the last meeting I gave a factory-wise review for your information and expressed confident hope as regards further improvement in the working results of the Company. I am glad to report that all-round vigilant efforts have borne fruit as will be evident from the details already in your hands. Barring the Vanaspati factory which, as apprehended, had to be closed down in June, 1952, the various other units have shown better performance..

**Sugar:**—Your sugar factory registered 100 per cent increase in production. Improved supply of cane to your factory will be ensured with the completion of the laying down of rails connecting Nasriganj. To maintain and augment sugar production as a whole in the next season, steps have to be taken to divert all available cane to the industry. The position is that more than 35 per cent of cane is being transported by rail and, if the railway freight is increased as is contemplated, I am afraid all the cane will not be available to the industry and production will be adversely affected.

Sugar is very much in the news now. There have been some fluctuations in the market and the price of sugar went up by 10-12 per cent over the Government specified price, primarily due to increased consumption and the apprehension of lower production in the next season. The production of the current season is 13.1 lakh tons. While the normal consumption per year is 12 lakh tons, consumption during the past months has been of the order of 1.4 lakh tons per month and on this basis the total annual consumption will be 16 lakh tons. Though any increase in price by itself is regrettable, a rise of 10 to 12 per cent is by no means of any significance and much more so when we

compare the rise in the price of commodities like mustard oil, oil-seeds, gur, etc, to the extent of 4c to 80 per cent. The Government of India have taken certain steps to keep the situation under check. It is, however, a matter for regret that after carrying on several years without imports there should be a move to resort to sugar imports now. It is relevant to note that the price of Formosa sugar went up by Re 1 to Rs 1-8 per maund merely on the reported move of the Government of India to import sugar. It is also worthy of note that against the import duty of Rs 7 per cwt the internal imposts on sugar in the shape of excise duty, cane cess and co-operative commission work out to Rs 8-4-6 per cwt. This is a singular instance where taxes on an indigenous product are higher than import duty.

What is very clear in the context of events is that production of sugar within the country should be increased. It is very difficult to make any definite assessment of next year's production on account of the immature state of the cane crop. Assuming next year's consumption and production also at the same level as this year, it will be found that production will fall short of requirements by about 3 lakh tons. With the carry over of this year of about 1.5 lakh tons there will be real shortage unless effective steps are taken to increase production. This basic factor should not be overlooked.

**Cement:**—The increase in the production of your cement factory is to the extent of 50 per cent. The off-take from your factory continues to be satisfactory. The full production is being disposed off without any marketing problem. Your Company is examining the possibilities of improving the working of the factory by re-modelling the old plant so as to achieve better efficiency and higher production. This is expected to take about two years. In view of the growing pace of industrial development there is great need to augment production of cement in this country. The future of the cement industry as a whole will depend on the report of the Tariff Commission on the price structure. I hope that the Tariff

Commission will view the question in all its aspects realistically and the final report will be such as to stimulate development of the industry leading to larger supplies of cement in the country.

**Paper and Boards:**—The consumption of your Company's regular products of boards has declined considerably. The cigarette manufacturers who are among the principal consumers reduced their off-take. Your Company, therefore, has resorted to production of new varieties of papers like M G Pressings, Covers, Poster paper, etc. The production of these items will work out in tonnage to much less than the output of boards manufactured earlier. The German Tissue Paper plant most of the machinery for which have been transported to Dalmianagar and erection is well in progress will, combined with the Yankee Paper machine from Japan which has already gone into production, enable your Company to manufacture the finest varieties of light weight papers and meet a very large percentage of the country's requirements. Further, with the operation of the new paper machines the output of the Pulp plant which could not previously be put to full use on account of the limited capacity of the paper machine will be fully absorbed. The manufacturing costs and overhead expenses will thereby be reduced and the profits of the paper section would be steadied up. This will reflect itself in the general working results of the Company.

The manufacture of vulcanised fibre boards is another activity in which your Company's efforts have been directed. This type of boards is required for specific uses such as for making silver cans for the textile industry, fibre suit cases, distribution boards for the electrical industry, etc.. Your Company hopes that arrangements for distribution which have been satisfactorily made will result in building up for this quality of board a good market.

**Asbestos Cement Sheets:**—The arrangements for regular and adequate supplies of asbestos fibre have proved successful and your Asbestos Cement Sheets plant will be now in regular production. The sheets have passed official tests and I feel

confident that the Ashoka Asbestos Cement Sheets will win in due course the consumer's preference.

#### TAX LIABILITY

Before concluding this review, I would like to bring to your notice one important aspect. Due to various extensions and installation of new plants, etc, in recent years, there is substantial amount of unabsorbed depreciation brought forward from previous years on account of initial, additional and triple shift allowances. The profits of your Company for the year under review will not, therefore, be liable to tax.

#### EMPLOYMENT AND DEVELOPMENT

Indigenous industrial production is achieving rapid strides and the supply position in respect of most of the essential consumer goods has been steadily improving. The purchasing power of the community at present is, however, at a level that the existing production of goods cannot be absorbed. Unless, therefore, the purchasing power is increased there does not appear to be any great possibility of production being augmented further in a large number of industries. The consumer goods produced through cottage industries as commonly understood now at comparatively higher cost can be absorbed only in a society with a high level of purchasing power. The cottage industries workers themselves getting not anything more than subsistence wages cannot buy their own products. Purchasing power can be created only through increasing employment at wages above the subsistence level. Greater employment has, therefore, to be achieved through expansion of industries that will afford to a large percentage of the population not only wages above the subsistence level but also steadily improving measure of prosperity. It is such industrial expansion alone that will provide increasing employment and create additional purchasing power which will in turn stimulate further production. The expansion at this stage can take place in the direction of goods that are being imported into the country now and are absorbed by the society. We are now importing manufactured goods to the order of Rs 250 crores excluding imports of materials required for their production. The total under this class is about 340 crores of rupees of which nearly 90 crores of rupees will be of materials and special items. It should be possible to produce many of these goods in the country itself and provide a large

measure of employment taking the average wage per worker at Rs 1,000 per annum, the manufacture of goods now imported into the country will result in providing employment for about 2.5 million workers. Let us not, therefore, solve the unemployment problem in other countries first as the Commerce, and Industry Minister expressed at one of the conferences. This indigenous development will create fresh purchasing power and expanded market for the consumer goods produced. This will also render implementation of rationalisation leading to improved productivity and higher wages, so essential for strengthening the economy, possible as the new development will be able to provide additional employment. I may add here that this development will not result in the total shutting out of imports but will give rise to fresh and varied demands which may alter the character of the imports. What is required now is, therefore, to shake off complacency and despondency and to apply earnestly to the immediate task of industrial expansion which will not only provide increasing employment to millions in the country but will also create additional purchasing power and enable better standard of living.

We are today in a comparatively comfortable position. Three years of the five-year plan period are over and we have seen increase in industrial production and improvement in the food front. With the completion of the various river valley schemes which are well on their way, solution to the food problem is in sight. The problem of employment and higher standard of living which has to be tackled is serious but by no means incapable of solution with the country's manpower and material resources. On the solution of the problem depends the future of our country. Now is the time to plan and prepare for this. To reap the fruits during the bigger phase of development in the next five or seven years, beginnings have to be done now.

#### TRANSPORT

A problem that is assuming serious importance side by side with industrial development is that of transport. The availability of transport is steadily falling. The Railway Ministry in their attempt to cover short-falls emphasise the amount of movement in respect of a few commodities like coal, fertiliser, sugar, etc. These are not the only commodities for movement. The wheel of industry must be kept

moving. Unfortunately bottlenecks that did not exist before have been created. Traffic on the Eastern Railway, for instance, via Niani is only open for priority traffic upto a few class and other priority items are not being moved at all. The sidings at Dalmianagar which along with the private sidings including Jamshedpore and Kulti handle large traffic have had to remain closed for all non-preferential traffic and preferential traffic beyond class VIII for 24 out of 30 days in June. This situation would not have been tolerated had the railways been worked by a private agency. The matter deserves government's prompt attention. The cost of transport is rising without adequate facilities being made available. The cost should have actually come down instead of steadily rising since there is increasing utilisation of the capacity. I do not wish to go into details here. It is necessary to remember that increasing industrial development and marketing requirements result in pressure on the railway transport and the railways have to be geared up to meet the growing demand efficiently and economically.

#### LABOUR RELATIONS

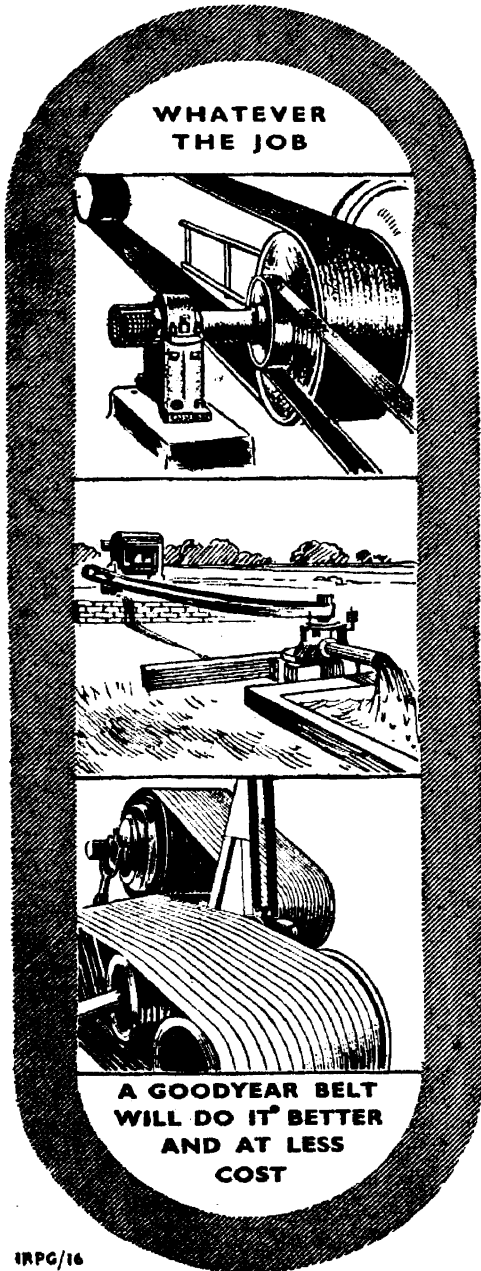
Your Company is planning for extension of the labour colony with the co-operation of the Central and State Governments. During the next three-four years it is proposed to build up quarters and provide various amenities costing about 40 to 50 lakhs of rupees.

It is a matter for gratification that labour relations in Dalmianagar during the year have been more cordial. While the question of bonus for the year 1950-51 was pending before adjudication, the management and the recognised union of the Company entered into negotiations for settlement by mutual agreement in the spirit of the new approach initiated by our Central Labour Minister. The voluntary agreement thus entered into was examined by the Adjudicator on merits and considering it fair he gave an award on the basis of the agreement. But disturbing forces are still at work. A registered, but not recognised, union of the place is questioning the validity of the agreement as it was not a party either to the agreement or to the adjudication and has taken the matter to the Appellate Tribunal. This attitude is regrettable. It will vitiate the fundamental basis of collective bargaining and mutual agreement. The faith, in the new approach will also be shattered as

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# Slash

YOUR  
**BELTING COSTS**  
WITH THESE  
**GOOD YEAR**  
DOUBLE SERVICE  
MONEY SAVERS



*Insist on:-*

**THOR**  
( SQUARE EDGE )

for mills, factories and heavy drives.

**PATHFINDER**

for all agricultural purposes, cottage industries and machine shops.

**E.C.V. BELT**

for V. Drives.

Now made in India to Goodyear  
U.S.A. specifications.

# GOOD YEAR



INDUSTRIAL PRODUCTS DEPARTMENT