

Company Meetings

The Bharat Line Limited

Speech of the Chairman, Shri C R Srinivasan

ADDRESSING the Ninth Ordinary General Meeting of the Shareholders of the Company held on June 16, 1955 at Bhavnagar, the Chairman said:

Gentlemen,

It gives me great pleasure to welcome you to the 9th Ordinary General Meeting of the Company. The Directors' Report and the audited Balance Sheet and Profit & Loss Statement have been in your hands for some time now. I trust I have your permission to take them as read.

Company's Fleet

A complete list of the ships owned by the Company with their gross registered and dead-weight tonnage has been appended to the Directors' Report for your information. The 14 ships listed amount to a gross registered tonnage of 64,516 tons and a dead-weight tonnage of 98,595 tons. Shareholders are aware of the loss of s.s. "BHARATBALA" in the Gulf of Cambay last year. The ship has not been replaced yet, though the insured value has been collected in due course and credited to the Fleet Replacement Account. You will be glad to hear that the ship, s.s. "BHARATKHAND", has after all been transferred to the Indian Registry. The ship s.s. "BHARATRATNA", built for us at the Vizag Shipyard, was delivered to us in July last. Three ships, s. s. "BHARATBHUSHAN", s. s. "BHARATKESARI", and s.s. "BHARATDEEPAK", were acquired last year to meet, in part, the requirements of the Persian Gulf trade and a fourth ship, a passenger cum cargo one, we expect to acquire if possible, or charter if necessary, to complete our initial requirements for this trade. The second oldest ship in our fleet, s.s. "BHARATMATA", has been sold for scrap value as it had become uneconomical in running and a new ship will replace it in due course. Following the policy initiated last year, insurance cover for our entire fleet has been placed with Indian interests and we are glad to learn that a progressively higher percentage is being retained in Indian hands.

Company's Finance

The investment cost of the ships

owned by the Company amounts to Rs. 4,52,69,369-15-0 as you will see from the Balance Sheet. The issued subscribed and paid up capital of the Company being only one crore of rupees, you will naturally be interested to learn how finance for the additional investment has been found. The accounts will show that we have accumulated a sum of Rs. 1,80,06,587- in our Depreciation Fund, besides a sum of Rs. 16,67,690-7-10, to the credit of our Fleet Replacement Account. We have also borrowed from the Government of India a sum of Rs. 1,52,78,333-0-0, under the Ship Loan Scheme. It is from these sources that necessary finance has been found. The question of broadening the capital structure of the Company has engaged our attention from time to time, but in the present condition of the share market, any sober appraisal of large scale equity issues, on merit, is not to be expected and, until the climate is recovered, the wiser course would be to meet our needs from alternative sources. Fortunately, our Government, equally aware of these conditions and at the same time anxious that progress should not be halted on this account, has made loan funds readily available on reasonable terms. Welcome as it is, it can only serve to a limited extent and for a limited period. In its own interests and in the service of national economy the industry must stand on its own legs. Government may perhaps render more help indirectly than even directly, if doubts and misgivings, induced in the private sector by recent developments, are authoritatively set at rest.

Company's Earnings

The Company earned as freight and charter hire Rs. 2,61,80,933-6-5, during the year under report. In 1953 it amounted to Rs. 2,22,27,900-15-4 and in 1952, Rs. 2,12,79,907-7-6. This progressive increase in our earnings is largely due to the increase in our tonnage and the increasing share in the volume of business we handle. Heartening as this fact is, what is depressing to record is a progressive fall in our gross profits. In 1952 these amounted to Rs. 49,59,304-8-11; in 1953 it was Rs. 39,61,844-15-3; in 1954 it has come down to Rs.

35,25,403-8-9. Partly this is accounted for by fall in freight rates; largely, however, it is attributable to rising operation costs; and in this the main contributory is labour.

Labour Problems

In the new economy that Free India is seeking to build up, Labour is assured of its proper share in the fruits of endeavour and enterprise. A spate of labour legislation has been placed on the Statute Book to evidence this sympathy and goodwill and though its administration has often been irritating and vexatious, the desire to better the lot of labour has been widely and willingly accepted. It is unfortunate, however, that some at any rate of those who claim to speak for labour have shown no appreciation of the broader implications of the claims they advance. A short-sighted attempt to hold industry to ransom is not in the interests of either labour or the community as a whole. They forget that in the last analysis it is the community that pays for goods and services, and the assertion of rights without acceptance of obligations will progressively deplete the goodwill of the community. Discerning leaders of labour cannot have missed signs of the revulsion of feeling that is setting in. In the preparation of the Second Five Year Plan, with emphasis on the industrial sector, a new concept is being canvassed, that of creating a national labour force. Presumably, it is not lack of labour that has germinated this idea, but the lack of discipline and responsibility that marks organised industrial labour today. Labour would be wise to see the writing on the wall and fall into step to protect free enterprise. No employer is interested these days in sweated labour, nor in denying labour proper working conditions, fair wages and reasonable amenities of service. But the pseudo leaders of labour are not content to leave well alone; and in the conditions they have brought about today, it is not so much Labour as Capital that calls aloud for protection at the hands of Government.

With your permission I would like to deal a little more fully with the situation as it has developed In the

labour sector In so far as It concerns the shipping industry. Apart from labour legislation of a general character, which affects the shipping industry also, the recent introduction of Labour Decaualisation Scheme involving payment without work to dockyard labour not merely imposes a direct burden on the industry but indirectly has exposed it to a vicious train of reactions of infinite consequence to the community. If pay can be had without work, it acts as a provocation to ask for more and more pay for *less* and less work: the go-slow movement has gathered a new momentum in consequence. The incidence of this new force that has invaded labour ranks may be gathered from the comparative figures for the years 1951 to 1954 for the Port of Bombay that I place before you. It will be seen that whereas for handling 1000 tons of cargo 20.79 gangs were employed at a cost of Rs. 521- per gang and the work was completed in 3.01 days in 1951, the same work load required 31.74 gangs costing Rs. 721- per gang and the work was completed in 4.88 days in 1954!

And that is only part of the penalty that the shipping industry is called upon to bear in the service of labour interests. The greater loss comes from the needless detention of ships at ports due to slackness of labour. The standing charges of a medium size ship comprehending wages, fuel, maintenance, insurance, etc., average between 4 and 5 thousand rupees per day, and every day's detention not merely adds to expenses but denies also opportunities for further earnings. I have had statements prepared to estimate the loss sustained by us on our fleet on this account and you will be amazed to hear that the total detention cost equals in value the full time operation of an 8000 D.W.T. ship for a period of 179 days, or nearly six months. The maintenance cost of the ship for this period would be between 8 and 9 lakhs. This represents the direct loss. The indirect loss is that during this period what might normally have been earned on freight is also lost. Does labour stand to gain anything by imposing this loss on the shipping company? It does not, and that is the tragedy of it!

And that is not all: Detention of ships at ports leads in turn to congestion, with ships waiting outside for berths. The gravity of the situation as it has developed in the major

ports of India may be gathered from the fact that foreign shipping interests had notified shippers that a surcharge of 35% would be levied with effect from 1st June if conditions did not substantially improve. Naturally, this has provoked a storm of protest from the interests affected and the Government's hands have been forced to meet a threat with a counter-threat. Howsoever the position finally resolves itself, the point I desire to stress in this context is the price that the community may be called upon to pay for pampering a small section of labour, unconscious and unmindful of their own long term interests. It is time that Government realises its larger responsibility to the Country and by legislation or otherwise takes proper and necessary steps to correct the mischief before it places our economy beyond repair. Wages of labour must be related to output of work and labours interests stand to be better served with an incentive bonus for extra work. With labour costs rising and stevedoring charges keeping pace with them, the outlook before the shipping industry is bleak indeed. I wish Government, anxious as they are, I know, to help the shipping industry, will take serious notice of the position and act quickly.

Company's Progress

It is to the credit of the Board and even more to the watch and ward kept by the Management that the progress of the Company has been steady and sustained. We have an acknowledged place in the Coastal trade and, as I indicated last year, we have entered the adjacent trade by opening a regular service to the Persian Gulf. A growing volume of business is being attracted to our service and the fact that the Government of India is behind us in this

adventure has helped to create the climate for fruitful negotiations with the interests which had established a virtual monopoly of this trade. In all probability we shall reach an understanding with them presently and the element of competition implicit in the situation may resolve itself into one of co-operation, ensuring a firm footing for the Company in this trade. We have already acquired and put into this service three cargo ships, "BHARATBHUSHAN", "BHARATDEEFAK" and "BHARAT-KBBARI", and, if the understanding we seek with the established interests comes off, it may be possible for us to charter one of their passenger cum cargo ships until we are able to acquire a ship of our own to fill the gap. We would have been happy to have this ship built for us at the Vizag Shipyard, but their existing commitments, we are afraid, would make it impossible for them to build and deliver a ship to our specifications within a reasonable time. Once we consolidate our position in the Persian Gulf trade, it may be possible, perhaps even necessary, for us to explore the possibilities of further adventure in the adjacent trades. Beyond stating that this matter is engaging our serious attention it is not possible at the moment to state in what direction our attention is turning. It is not our intention to expand too rapidly either and find ourselves in queer street amidst the many uncertainties that prevail to-day. These uncertainties are bound to resolve themselves in time and by way of a pointer I may say that the fall in freight rates has been arrested and a heartening improvement in the position has begun to assert itself.

State aid to Shipping

In assessing the prospects of further progress and future expansion

Statistics of Cargo Handled at Bombay			
Year	Cargo handled	Gangs employed	No. of days
1951	1,24,296	2,584	3.4
1952	96,338	2,193	3.84
1953	82,134	2,619	4.05
1954	90,519	2,874	4.42

Proportionately for handling 1,000 tons the statistics would be:			
Year	Gangs employed	No. of days	Cost per gang
1951	20.79	3.01	52 0 0
1952	22.76	3.98	57 10 0
1953	31.88	4.93	72 0 0
1954	31.74	4.88	72 0 0

Taking 1951 as the 100 the above figures work out to:		
Year		
1951	100.00	100.00
1952	109.47	132.22
1953	153.34	163.78
1954	152.67	162.12



**RAINY
DAYS
AHEAD**



**SO
BE SURE
TO
FLY OVER
THE
WEATHER**



by

SAS...

Of course

TO EUROPE AND THE AMERICAS
BY DC-6B SUPER CLOUDMASTER
ROYAL VIKING First class every Sunday

GLOBETROTTER Tourist every Tuesday

SCANDINAVIAN AIRLINES SYSTEM



It would be Just as well to stress that the pivotal point on which the whole thing turns is the extent to which our Government is consciously and continuously prepared to help Indian Shipping. Their interest and concern have been demonstrably established in the past when they proceeded to reserve coastal trade to Indian ships. That passed without raising a ripple from competitive shipping interests because it is now widely recognised that coastal trade is the preserve of the nationals of the Country. Increasing participation of Indian shipping in the adjacent and ocean trades, however, is not so easily achieved as the way is blocked by multi-conference arrangements designed to maintain the hold of the 'haves' against the encroachments of the 'have-nots'. The way can only be opened by Government asserting itself to protect the interests of our flag. It can be done in a variety of ways, and the history of shipping development elsewhere provides illuminating examples of how it was done. Whatever is attempted by way of flag protection will no doubt be interpreted by established interests as flag discrimination. The controversy that raged in the Victorian period between Free Trade and Protection may be cited by way of illustration. But it did not prevent any country from establishing its trade interests against competitive interests. The speeches made in the course of the Budget debate in both Houses of Parliament provide ample indication of popular expectations on the subject and Government should feel reassured in pursuing a forward and fruitful policy. This is not merely a matter of fixing a tonnage target for the Second Five Year Plan and estimating the funds necessary to finance additional tonnage. The First Five Year Plan set the target at 6,00,000 tons G. R. T. The Second Five Year Plan takes the target to 10,55,000 tons G. R. T. Indian Shipping interests were also consulted in fixing this target and finding ways and means. Obviously, the additional tonnage is not intended to cover only our coastal needs. Beyond the existing tonnage earmarked for the purpose, coastal trade can only

absorb a fraction of the additional tonnage to cover our expanding needs; the greater part is intended progressively to cater to adjacent trades and ocean trades. That is necessary if a balanced economy is to be achieved. The time has arrived, therefore, when Government must bestow serious thought on the ways and means to secure a fair share in these trades and they would be wise to consult informed Indian interests on the subject. In the Second Five Year Plan it is expected that our imports from foreign countries for capital goods, etc., would be of the order of 300 crores per year and, on the scale of industrial development that we contemplate during the Second Planning period, a sizeable export market will have to be built up. Both ways, therefore, we have sufficient bargaining counters in our hands for promoting the interests of our flag in these two trades.

I have indicated earlier some of the steps which Government may straightaway take to reassure shipping interests in the Country and recharge them with enthusiasm. I have laid particular stress on the need to rationalise labour charges. A great deal more remains to be done. As our economy expands under intensive planning, transport may easily develop into a bottleneck. Congestion on road and railway transport must be relieved by diversion of heavy traffic to water transport. The limited facilities now available for shipbuilding in the Country should also expand with our needs and requirements, and ancillary and auxiliary Industries should be encouraged to spring up to ensure economy and expedition. A well-thought out scheme for the equipment and distribution of talent and personnel to cover the multi-faced needs of shipping should also be hammered out and, to the extent that it can make a contribution for resolving the problem of unemployment, there is additional attraction also. Government have no doubt actively encouraged Indian shipping interests to acquire more tonnage by their Loan and Aid Policy, and they have made funds available at lower rates of in-

terest for the acquisition of ships engaged in the adjacent and ocean trades. I would like an extension of the principle implicit in this to more realistic proportions, I suggest that repayment in instalments may be distributed over a longer period, that the first instalment may commence 5 years from the date of acquisition of the ship, and that no interest be charged for the first five years. 'Pay as you earn' is a well recognised maxim in business build-up and it is generally true that the first 5 years is more a proving period than a profit-earning period. In regard to ships built at the Vizag Shipyard, the price now charged is based on British Yard parity. It is common knowledge that compared with Continental prices, this parity level stands high. A substantial reduction on the price level based on British Yard parity, taken alongside with the 25% development rebate now allowed, should give greater fillip to Indian interests to expand rapidly. I have indicated some of the directions in which Government, concerned as it is to cover by forced marches the neglect of centuries, may actively promote the interests of national shipping; what I have said is more illustrative than exhaustive and, as the tempo of planned development rises, it is necessary that closer relations should be established between the concerned interests and the Government, so that whatever action is called for to meet situations as they develop may be immediately forthcoming without the difficulties and delays normally associated with a bureaucratic set-up. I am making this appeal with confidence because there is no denying that Government has set its hand to attempt and achieve great things.

And now let me conclude with a word of praise to the devotion and loyalty of the staff who have given of their best in the service of the Company; with these words I beg to move that the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1954, already duly sent to the Shareholders, be and are hereby adopted.