

From the Chair**India Steamship Co., Ltd.****Speech of the Chairman, Sir A. Ramaswami Mudaliar K.C.S.L, D.C.L. (Oxen.)**

THE following is the address of Sir A Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxen), Chairman, India Steamship Co Ltd, delivered at the Annual General Meeting of the Shareholders of the Company, held on the 27th November. 1959.

Before taking up the Agenda the Chairman referred to the irreparable loss that the Company has sustained in the untimely demise of one of its Directors, Mr Gopi Krishna Khemka. Mr Khemka was virtually the originator and the promoter of the India Steamship Company. It was during the last war that he floated this company and the robustness of his optimism, his courage and the spirit of indomitable adventure could be realised from the fact that he intended from the outset that the ships of the Company should be utilised for overseas trade. It was an act of great faith that at a time of intense competition, when even coastal shipping was not reserved for National Lines, Mr Khemka should have decided on this great venture. During the last fifteen years, he devoted himself wholeheartedly to the service of the company and his advice and cooperation was of immense value to the Chairman and other Directors of the Company. He promoted various other industries, some of them pioneering industry so far as Indian venture was concerned, like the Cable Factory. But his memory will ever be associated with the progress that Indian shipping has made in the wide seas of the world during the past decade. The Chairman then moved a resolution of condolence to be communicated to his wife and other members of the family. The motion was adopted all members standing. The Chairman then resumed consideration of the Agenda and in moving the adoption of the Directors' Report, the Audited Accounts and the Balance Sheet made the following speech.

Gentlemen,

The Audited Accounts and Director's Report for the period ending March 31, 1959 have been in your possession for some time. With your permission I shall take them as read.

The Directors' Report shows that the freight earned during the year

was Rs 8,04,04,160 as against Rs 7,75,04,245 in the previous year and Rs 6,00,17,168 in 1956-57. The total number of liner voyages during the year was 39 compared to 30.5 in the previous year. Though the amount of freight earned was the highest so far, the figure does not reflect a comparable net profit for the Company. The increased earning was partly due to the number of ships in service, but there are other factors which continue to increase the expenditure side and to reduce the net profit of the Company.

The net profit earned by the Company after deducting all charges and setting apart a sum of Rs 75,55,777 towards depreciation, amounted to Rs 60,66,726. Though in comparison with last year's figures these results may not appear striking, I venture to state that having regard to the conditions prevailing in the shipping industry during the period, the results are not unsatisfactory.

FREIGHT RATES

I stated last year that it is the experience of all shipping companies that while boom periods are comparatively rare, lean years, when the quantity of freight falls and the rates are brought down sharply, are more common. International shipping is peculiarly susceptible to world conditions, economic or political. These anticipations were unfortunately literally fulfilled during the year. Freight rates were sharply cut down to meet the competition of tramps and the over-tonnage of some of the shipping companies has led to unhealthy conditions and further reduction in freights in some of the important commodities. The declining trade has also contributed to some extent to the fall in the profits earned. The ships had to call at many more ports both for loading and for unloading cargo than in the previous year owing to scarcity of cargo — the ports called at during the year being 768 as against 496 in the previous year.

PORT CONDITIONS

The conditions in the port of Calcutta further deteriorated, in as

much as draft restrictions were much more serious during the year than in the previous period. The obvious effect of such restrictions is that less cargo can be loaded at the port of Calcutta and very often ships have to remain for long periods waiting for favourable drafts. I have emphasised on more than one occasion that the port of Calcutta is the most important port in India from the point of view of the volume of traffic both inwards and outwards. It is also the port, through which the largest amount of foreign exchange can be earned by the export cargo available at the port. On its functioning satisfactorily depends in the main the economic life of West Bengal. I trust that these factors have been fully realised and measures will be taken by the Government expeditiously and the assistance that the World Bank is giving for the reconstruction and proper navigability of the River will enable a more rapid improvement of the port

PROGRESS

During the year under review, two more ships, the "Indian Success" and the "Indian Strength" were added to your fleet and three ships were under order, one at the Visakhapatnam Shipyard and two at the German Shipyard of Messrs. Howaldtswerke. During the current year, the "Indian Industry," built at Visakhapatnam, was delivered and is now on her maiden voyage to the United Kingdom and the Continent. Two more ships, the "Indian Tradition" and the "Indian Trust," have been launched and their delivery is expected, the first, in the last days of the year and the second early in February. With these additions, your fleet will consist of 18 ocean-going vessels including the "Indian Industry" and one coastal vessel, the "Indian Commerce." All these vessels, as I stated at the last annual meeting, have been ordered on the basis of immediate foreign exchange payment which the Government of India allotted in 1956 when this programme was approved and for which one cannot be sufficiently grateful to the Government. One more ship has been ordered from the German Shipyard on the basis of

deferred payment, the necessary foreign exchange being found over a period of years. The system of deferred payment has not proved attractive as it involves a larger capital outlay for a ship which, after all, has to compete in international waters with shipping of other companies which are not handicapped in the same way. It is hoped that by the combined efforts of shipping companies and of the Governments, both Indian and foreign, at whose yards ships are built, a fairer and a more natural solution of the foreign exchange problem may be found shortly.

NEW ROUTES

I referred last year to the new routes that have been opened up by the ships of your Company to facilitate the export and import trade of the country and to establish connections with shippers in other parts of the world. The establishment of these new routes enables your Company to get the support of more shippers not only for the freight which will be carried by the new routes but also for freight which has to be carried by the old established route. Shippers, especially those who have connections in several parts of the world, desire to have facilities to ship to different places and will seek companies which are in a position to carry freight not to one destination only but to more than one destination. We have now opened our shipping to trade with the ports in the Black Sea and along the Levantine Coast of the Mediterranean. We have also opened a direct service to the Eastern ports of South America and our ships are calling regularly at the ports of Argentine and Brazil. These services call for a larger number of ships, while the existing routes also require a fair number of ships to keep regularity of service and thereby satisfy our regular shippers. These are the considerations which weighed with your Directors in increasing the fleet — an increase which was planned and programmed as early as 1956.

DIVIDEND

I have already referred to the fact that after providing over Rs. 75 lakhs towards depreciation, the net profit earned by the Company amounted to over Rs. 65 lakhs. The whole of this amount has been set apart as "Development Rebate Reserve" in accordance with the law

promulgated on the subject. I would, however, like to mention that this Development Rebate Reserve, which with the present addition amounts to Rs. 1,14,00,000 is not available for the payment of dividends, but is available for such expenditure as payment of interest and instalments due on loans from Government. While we have received loans from the Government for the construction of ships, your Directors have had constantly under review the financial resources of the Company for repayment of these loans. You will therefore find from the balance sheet that in addition to payment of over Rs. 19 lakhs as interest on these loans, the Company has also paid the instalments on the loans due. I may finally state that, as the financial year under review ended on 31st March, 1959, the new dividend tax is not applicable to the dividend that is now paid and therefore the shareholders will receive the same amount as in the previous years.

DIVIDEND TAX

I have expressed my view elsewhere that the new proposal of a Dividend tax is much more onerous than the previous proposal of a tax on dividend paid direct by the Company. The new dividend taxation proposal was stated to be necessitated because of the complexity of grossing up the income earned in this respect before giving relief to the assessee. It was also stated that in view of the relief given to the Company by reduction of income-tax and abolition of wealth tax, this proposal would not in any way seriously affect the payment of dividends nor would it bring additional revenue to the Government. That these forecasts, whose accuracy was even then doubted, were mistaken, has been realised by every Company which had to declare a dividend in a financial year which ended after the 31st March, 1959. Under the previous law, the declaration of a dividend of 6% did not attract any dividend tax. Under the present law, the declaration of a 6% dividend will mean that the shareholder will receive only 4.2% on his shareholding. The relief by way of refund to such an assessee is in most cases illusory. I would put in a plea for the small shareholders who have, for many years, been dependent on the earnings from dividends on their share capital. A pay-

ment of nearly 43% as tax on the amount actually received as dividend is certainly a very serious imposition on such shareholders, I do trust that the matter will be further examined and that if the complexity of grossing up the earnings is to be avoided, at least a smaller percentage of tax may be declared as fair and just.

FOREIGN SHIPPING COMPANIES AND RESTRICTIVE PRACTICES

It is no pleasure to me to once more draw your attention to the fact that we have made no progress by negotiation and argument in the claim that we have advanced, that Indian Shipping should be allowed into the conferences at least of the way-side ports on the direct route from India to the U.K. and the Continent. We have not been allowed even to participate in the freight from Colombo to the U.K. and back. On the other hand, quite recently, while we were calling occasionally at other ports in Ceylon like Trincomalee and Galle, the Colombo Conference extended its sphere to all the ports in Ceylon and announced that as the Indian Lines were not Members of that Conference, they could not call at any of the ports in Ceylon, a supreme example of the freedom of the Seas and non-discrimination of flags which some of the lines constantly speak of! This communication was considered by the two Indian Lines as adding insult to injury and they have now both definitely declared that they will call at all the Ceylon ports including Colombo as necessity demands and that they will not be found by any rules of that Conference except that, in the first instance and in the absence of any other action by the Conference, they would observe the freight rates laid down by the Conference. I must confess that the decisions of the Conference, even in the India-UK. Continent trade, have surprised Indian Lines and with all the desire to cooperate with the Conference, they have found it difficult to see eye to eye with some of the members of the Conference. These decisions have been sometimes wanting in logic and sometimes clearly aimed at Indian Lines. Matters have come to a head, and unless a reasonable attitude is taken, the conference system itself is likely to be endangered. I may mention that recently, during last visit to England, I have had

frank and full discussion with the two Chairmen of the Conference of which we are members, and I hope that there will be a better understanding of the position of the Indian Lines and their requirements very soon.

During the year under review, a National Shipping Board has been constituted to look after the promotion and development of Indian Shipping, with Mr. G. L. Mehta, who has long been associated with Indian Shipping and who has held the high position of Ambassador in the United States, as its Chairman. I trust that the activities of the National Shipping Board will help in fostering the growth and development of Indian Shipping, the need for which is more apparent today than ever before. The Ministry of Transport has a new Head in my esteemed friend. Dr. P. Subbarayan The Minister of State, Mr. Raj Bahadur, continues to be in direct charge of Shipping. We are thankful to both of them for the interest they have taken in the expansion of Indian shipping and in the development of Indian ports. We have had throughout the period, consistent and valuable help, assistance and advice from the Director General of Shipping and his Deputies and from the Secretary to the Ministry of Transport The Departments of Government, who are placing large orders for the import of various kinds of commodities, plant and machinery from abroad, are, I am glad to state, realising the important part that Indian Shipping can play in the economy of the country and we are also thankful to them for this increased awareness of the position.

TRIBUTE

As I have already stated, the financial year has been a year of great difficulty in a falling freight market and it required the whole-hearted and devoted services of all its officers, afloat and shore, and all its employees of every rank to enable the Company to achieve the results that it did. I must also convey the thanks of the Board and of the shareholders to the Shippers who have given their firm support to us and to the Brokers and Forwarding Agents who have shown confidence in us and in the excellence of our shipping services. Your fleet is one of the fastest in cargo service from India to the U.K. and

the Continent and, taken as a whole. I venture to state that it is the fastest existing. It has established a record for its reliability and for the reasonably careful handling of the cargo entrusted to it. Every year brings new problems to the shipping world and your Company is determined to keep in step with all the progress that has been made either in regard to shipping itself, or in regard to the services which are ancillary to carrying freight by your ships.

Over ten years have now passed since I took direct interest in your Company as its Chairman. More than a decade of strenuous and sustained work has been possible by the enthusiastic co-operation of my colleagues and of all the staff in the service of the Company, and by

the generous support which you, as shareholders, have given. I trust I may have your continued confidence in the full hope that whatever the results may be, there will be nothing lacking in thought, in attention and in devotion to the affairs of your Company. I hope also that the Government will realise that a shipping company such as yours is more than a mere commercial organization and that with your encouragement, it will play its part not merely to earn profits but to be of the foremost service to the economic and political life of the Country.

The above statement is not a report of the proceedings of the Annual General Meeting referred to.



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DALDA FORUM 2

What if there were no



What would happen if there were no Vanaspati Industry?



If the Vanaspati Industry were to close down and there were no DALDA, the immediate effect would be a serious scarcity of *hard fats*—fats like vanaspati and ghee which don't melt at room temperatures.

ECONOMIST: A scarcity of about three lakh tons at once—four times that in 15 years.

YOU: So...?

ECONOMIST: So this would obviously mean shortages. Ghee, the traditional hard fat, will be unable to make good the shortfall. It has never been able to meet its *own* growing demand—let alone the extra demand for vanaspati. Historically speaking, there has been only a marginal increase in ghee production in the past 20 years, considering the increase in population.

WE: And that is precisely why DALDA Vanaspati came into the market 30 years ago and has stayed there.

ECONOMIST: Looking a little into the future, the supply of ghee is expected to rise by about 20% in the next 5–10 years. But the demand for it would have increased by more than that. Meanwhile, the demand for vanaspati could easily double.

YOU: But I can't see why the demand for vanaspati should increase.

ECONOMIST: Firstly, because of the increase in population. Secondly, because of the rise in National Income. As incomes grow, more and more hard fat tends to be consumed. Forty percent of the American diet for instance, consists of fat.

WE: Another thing. Without DALDA Vanaspati in the shops the price of ghee will go up to prohibitive levels. Few will be able to afford it. So, a great many people will have to do with a lot less of fat.

ECONOMIST: And our diet is already *deficient* in fat. We take, on an average, only $\frac{1}{3}$ of our nutritional requirements of it.

WE: What about adulteration? It's a common practice as it is. And it will grow—with all its harmful effects on health.

ECONOMIST: That apart, fat scarcity

would divert a great deal of available milk to the production of cooking fat. This, in a country already short of milk, where malnutrition among children is a grave problem. **YOU:** Aren't you dramatizing it a little... we could use liquid oils, you know!

WE: Of course, we could. But then think of the changes in eating habits—in cooking methods and the taste of foods in hard fat areas like the Punjab, for instance. It would mean getting used to strange tasting, unappetising foods, having to forego meals cooked in traditional ways. And foods such as cakes and biscuits cannot be made without hard fats like DALDA. More important, people all over will need extra vitamins to supplement their diet.

YOU: Why vitamins?

WE: Well, because liquid edible oils don't contain vitamins A and D—DALDA Vanaspati does. DALDA consists of partially hydrogenated pure vegetable oils, fortified with 700 International Units of Vitamin A and 56 IU of Vitamin D. These vitamins protect the skin and eyes, and build strong bones and healthy teeth. They are essential for health, growth and protection from disease. As a source of energy, DALDA is $2\frac{1}{2}$ times better than wheat or rice. Moreover, it is hygienically pure, deodorised, of uniformly high quality—yet so economical in use! It isn't often that you get these qualities in liquid oils—they certainly never contain vitamins.

YOU: That's perhaps why the demand for DALDA is going up more sharply than that for liquid oils.

ECONOMIST: A final point. Without the Vanaspati Industry, thousands of people would be without a means of livelihood. And the National Income would be less by some crores of rupees.

YOU: And I'd be without *my* DALDA! We've been using it for years. I knew it was a food, but I didn't know that it played quite so important a part in the Economy and food habits of the people.