tion in the net price of billets and the assumption by Government of an incorrectly high percentage of 'tested" galvanised sheets in working out the prices despite the fact that on protest the price of untested billets was revised upward by Rs 15/- per tonne from 30th May 1964. On the basis of our production for 1963/64 the over-all average increase in respect of our total output of controlled and decontrolled categories of steel is approximately Rs 20/- per tonne, effective in successive stages of Rs 10/-, Rs 8/- and Rs 2/- per tonne from the 1st March 1964, the 13th April 1964 and the 1st June 1964 respectively.

It is too early yet to assess the adequacy of the revised planning arrangements under the Joint Plant Committee and I would only say at this juncture that the retention of control by Government over certain categories of steel, particularly in the case of sheets, has done little to curb the activities of the black market in the items in short supply.

On the financial side, we have grounds for dis-satisfaction inasmuch that the cut imposed by Government on the retention prices recommended by the Tariff Commission for the two years ended the 31st March 1962 and continuing up to the date of revision of prices under the above arrangements together with certain interim increases in production costs have remained uncompensated and that funds to this extent have been denied to the Company which would otherwise have been available against the heavy capital expenditure on stall housing, modernisation and expansion with which we are faced. We are also unaware of the reasons for non-acceptance of the prices put forward to Government under the joint proposals of the Tata Company and ourselves and by reason of the somewhat *ad hoc* nature of determination of the prices now current are also unaware of any approved basis for future adjustment of these prices in relation to productive capacity, capital block and working costs.

Acknowledgements

In conclusion, I would express on behalf of the Board of Directors our appreciation of the services rendered by the General Manager, Mr. J. McCracken, his executive heads and the entire staff and workers of the Company whose efforts have contributed so largely to the results that have been achieved.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

The Bombay Gas Company Limited

Address of the Chairman, Shri N K Jalan

The Following is the Address by Shri N K Jalan, Chairman, The Bombay Gas Company Limited, *at* the Annual General Meeting of the Shareholders of the Company held on Tuesday, August 18, 1964 :

I have pleasure in welcoming you to the Annual General Meeting and to present to you the Balance Sheet and the Annual Accounts, together with your Directors' Report, for the year ended 31st December. 1963. These have been in your hands for some time now and, with your permission, we may take them as read.

Company Incurs Substantial Losses

You would have found that the Accounts for the year 1963 reveal a very poor and disappointing financial result of the working of the Company, entailing a very heavy and abnormal loss of Rs 10.31 lakhs compared with a loss of Rs 1.92 lakhs for 1962. The principal factors responsible for this further substantial increase in the Company's loss to the tune of some Rs 8.39 lakhs were (a) increase in cost of coal and freight charges by Rs 3.37 lakhs, (b) Emergency Risk Insurance, being Rs 1.53 lakhs against nil in 1962, (c) interest on overdraft, etc, and (d) other general increases and incidence of annual increase in total staff and labour payments, etc. Your Directors regret that owing to this extremely unsatisfactory financial result of the operation of the Company, no dividend can be paid to the stockholders for the year under review, this being the second consecutive year for which the Company has been unable to declare a dividend. We need hardly point out that this is bound to produce further unfavourable reaction on the already depressed investment market of the country.

The current year's (i e, 1964) working is going to be affected still more adversely on account of substantial increases in cost under several items. Thus, the increase in railway freight/surcharge from 1st April, 1964, and increase in cost of coal from 5th June, 1964, together with the full impact of the rise in the cost of coal sanctioned earlier in 1963, are estimated to cost an additional amount of Rs 4.52 lakhs. Secondly, as per the Lakdawala Committee's recommendations regarding increases in the dearness allowance of workers and staff and as sanctioned by the Maharashtra Government with effect from 1st January, 1964, the annual salaries and wages expenditure would increase by Rs 2.10 lakhs. Thirdly, the projected minimum bonus as per the recommendations of the Central Bonus Commission, which are currently under the active consideration of the Government of India, when applied to the existing level of wages and salaries, without taking into consideration the effect, of time-scale increment as per Awards, etc, would add a furl her amount of Rs 1.54 lakhs to the total expenditure. Fourthly, time-scale increment of wages and salaries would cost Rs 95,000 per year. These items, together with the increased impact of certain other statutory increases in the course of 1963, fully operative in 1964. increases in municipal rates/taxes etc, would account for an increased expenditure of over Rs 10 lakhs in 1964 above that of 1963. On this basis, the total loss from the Company's operations in the current: year (1964) would come to the alarming figure of well over Rs 20 lakhs.

The paid up capital of the Company is Rs 40 lakhs and there is a Reserve of Rs 12.61 lakhs, out of which Rs 9.50 lakhs has already been eaten up on account of the heavy loss incurred during 1963. With the currently running rate of loss of Rs 20 lakhs per annum, by the end of the present year, practically the whole of the Reserves and fully one-half of the paid up capital of the Company would have gone. It would be easily appreciated that, with its capital and Reserves drastically depleted to the extent of Rs 30 lakhs, or by almost 60 per cent of the total, it will just not be possible for the Company to carry on any longer.

The Accounts of the Company are also independently audited every year by the Government Auditors. According to the Reports of the Deputy Director of Government Commercial Audit, the Company had incurred deficits in what is considered to be reasonable return in 1959, 1960, 1961 and 1962, the deficit for 1962 having been as high as 162 per cent. And on the basis of the financial results of the Company's working in 1963, the percentage of deficit, according to the methods adopted by the Director of Government Commercial Audit, would be 5.3 times as high, i e, 360 per cent of the reasonable return. In this connection, it may be pointed out that, for purposes of calculating reasonable return for 1961 and 1962, the Deputy Director of Government Commercial Audit, under instructions from the Government, arbitrarily and drastically reduced the capital base of the Company from that used for the immediately preceding two years, i e, 1959 and i960. Thus, whereas the capital base used for 1959 was £8,75,396 (Rs 1.17 crores), the capital base used for 1961 was taken at only £2,69,213 (i e, Rs 35.90 lakhs), which meant an unjustifiable reduction in the capital employed by about 70 per cent. Again, whereas, in the earlier two years of 1959 and 1960, the rate of return on capital was taken at 8.9 per cent, the rate taken for 1961 and 1962 was 7.5 per cent. On this account, whereas the amount of reasonable return for 1959 was estimated at £77,910 (i e, Rs 10.30 lakhs), the corresponding figure of reasonable return for 1962 was only £21,302 (i e, Rs 2.84 lakhs). Mad the capital base and the rate of return thereon for 1962 been calculated under the same principles and methods as had been applied for the years 1959 and 1960, the figure of deficit for 1962 would have become much higher than what it is shown to be.

Prima Facie Case for increase of Gas Price

These recurring and rapidly mounting shortfalls in what the Deputy Director of Government Commercial Audit has determined to be reasonable return on the capital employed by the Company, for four successive years, 1959 to 1962, at long last convinced the Government that there was a strong prima facie case for an increase in the price of gas and a high-power Gas Advisory Committee was appointed on the 16th February, 1963, to go into the question of a reasonable price for gas. At the instance of the Committee, experts of the Finance Department of the Government carried out a thorough examination of the Accounts of the Company and confirmed that the current rate for gas was clearly and definitely uneconomic in the sense of not even covering the bare costs of production and distribution of gas, with the result that the Company was running at a loss. Subsequently, in August, 1963, the Advisory Committee held detailed discussion with the Company's representatives and, apparently, the Committee, also, was convinced that there was a clear and strong case for an increase in the price of gas.

Appointment of Gas Advisory Committee

The Committee would have submitted its findings and recommendations to the Government by 31st October, 1963, being the date of expiry of its term of office, i e, after eight and a half months from the date of its appointment.

As indicated in the earlier paragraphs, due to continuous rises in the costs of production and distribution of gas, the Company's financial condition was fast deteriorating and the Company made urgent representations to Government for an early sanction *of* a reasonable rise in the price of gas. And, full live months after the submission of the Advisory Committee's Report, ths Government wrote a letter to the Company on 31st March, 1964, in which the Government asked for a "binding undertaking" to implement an expansion programme in the event of a reasonable increase in gas price. In reply to this letter, the Company solemnly re-affirmed the undertaking that had been already given in the course of its several representations, to implement a programme of expansion designed to give 15,000 to 20,000 new gas connexions within a period of 3 to 4 years, in the event of an early and adequate rise in the price of gas.

Consumers Enthusiastic for New Gas Connections with Moderate Increase of Price — Company Takes Preliminary Steps

In the light of the foregoing developments, the Company had been led to anticipate a rise in the price of gas. And it proceeded to circularise some 3000 applicants for gas connections on its waiting list to the effect that if they were still interested in receiving gas connections, the Company would survey their premises and prepare and furnish estimates of costs of fittings, labour, etc. The Company received an 'immediate and enthusiastic response from over 1500 would-be consumers, and several hundred citizens got their premises surveyed and promptly deposited the estimated costs of fittings, etc. In the circulars issued to the applicants for new gas connections, it had been clearly pointed out that these essential preliminaries were being carried out to facilitate the immediate installation of gas connections without allowing any loss of time, in the event of an increase in gas price being sanctioned by Government. The very fact that over 1500 applicants for new gas connections eagerly responded to the Company's circular by requesting the Company to survey their premises while a majority of them promptly deposited with the Company the estimated costs of fittings, etc. would go to show very clearly that the members of the public were ready and willing to pay an adequately increased price for gas to receive new gas connections. Information regarding these important preliminary steps for giving new gas connections, was duly communicated to the Government.

Government's Mysterious Silence *on* the Gas Advisory Committee's Report

The Government having appointed, under Section 5 of the Bombay Gas Supply Act, 1939, a Gas Advisory Committee to go into the question of a fair and reasonable price for gas, and the said Committee having duly submitted its recommendations to the Government in this behalf, we are advised thai the Government were required under Section 6 of the same Act, to make rules prescribing, in accordance with the recommendations of the Advisory Committee, the limits of prices which the Company may charge. It is a matter of great regret and surprise that, even eighteen months after the date of the appointment of the Advissory Committee and over nine months after the receipt of the Committee's Report in this behalf, and in spite of our repeated representations pointing out the financial difficulties through which the Company had been passing, the Government has not yet seen fit to sanction the gas price increase to which the Company is specifically entitled in law and equity.

Established Principles of Price Fixation

In the matter of price control, it is a well-recognised principle or convention that control prices of commodities and services should cover (a) all indisputable cost increases, (b) a moderate return on the capital employed, and (c) reasonable surplus for Reserves. In a number of important cases, such control prices sometimes include also a substantial element intended to contribute partially towards the cost of expansion, This principle has been honoured in India over a wide held of price control, more or less continuously, ever since control was instituted during the Second World War. It has also been honoured by and large in all the advanced and developing countries. In India, in accordance with this principle, practically all control prices, such as most of iron and steel cement ,coal sugar, etc, have gone up several times. Thus, for instance, in the case of a basic commodity like steel, the control price of which had been fixed at Rs 393 per ton from 1st February, 1956, was raised to Rs 474.59 per ton, i e, by Rs 81.59 or 21% with effect from 31st March, 1960, and again to Rs 522.50 per ton, i e, increased by Rs 47.91 or 10%, with effect from September, 1962, the total increase within the period of 6½ years being 31%. With effect from 29-2-64, several items of steel, viz, structurals, light bars, heavy bars, rails, blooms and hoe-bars were decontrolled and the authority for the fixation of their prices was given to the Joint Plant Committee comprising the Iron & Steel Controller and representatives of all the steel producers in the public and private sectors. Immediately, the prices of most categories were raised, the increase in the case of untested rails being from Rs 655 to Rs 710 per tonne or 8.4% and tested rails from Rs 694 to Rs 755 per tonne or 8.8%. With effect from 1st March, 1964, the prices of several categories of iron and steel, such as Pig Iron Grade I, Ingot Mould 1 tonne and below, billet, tin bars, skelp, black sheet, G C sheet, plates, R R strips, C R sheets, cotton baling hoops, jute baling hoops, etc, which are still under control, were also raised. Thus, for example, the price of pig iron grade I was raised from Rs 246 to Rs 282 per tonne or by about 15%, ingot mould, 1 tonne and below, from Rs 148 to Rs 223 per tonne or 50.7%. The price of untested tin bars was ratsed from Rs 473 to Rs 547 per tonne or by 16% and tested tin bars from Rs 503 to Rs 592 per tonne or by 17%. (The above prices are inclusive of excise duties.) As regards coal, the cost of coking coal, inclusive of freight, as supplied to the Bombay Gas Co, was increased from Rs 47.36 per tonne in 1957 to Rs 56.73 per tonne in 1961, to Rs 59.67 in 1962, to Rs 63.31 in 1963, and to Rs 68.13 in the early part of 1964, the total increase during the last seven years being Rs 20.77 per tonne or 43.86%. In Bombay itself, the Tata Hydro Electric Co raised the rate for electricity by levying a surcharge of 10.5% from 1st July, 1962, and again by 26.4% with effect from 1st May, 1963, on account of increase in the cost of coal, freight, etc. It may also be noted that in the same city of Bombay, the municipal assessment of cotton mills was raised on the basis of quinquennial valuation from Rs 3 in 1933 to Rs 7 in 1958 per 100 sq ft of processing block, i e, by 133 per cent in 25 years; and from Rs 2 in 1933 to Rs 6 in 1958 per 100 sq ft of non-processing block, i e, by 200 per cent in a period of 25 years. It may be mentioned that the increased rates of 1958 were imposed in spite of general public protest. The Maharashtra State Electricity Board itself, after the take-over of the Poona Electricity Supply Co, raised the rate for electricity in Poona per unit from 13 nP to 31 nP, i e, by 138%, on account of rise in cost. The Oriental Gas Co of Calcutta, which was taken over by Government in 1960, has recently increased the effective price for gas by approximately 35 per cent in an indirect manner on the plea of improvement in quality. It it; pertinent to mention that this Company had already before raised the rate for town's gas from Rs 4 per '000 cubic feet in 1945 to Rs 5.75 per '000 cubic feet in 1948, i e, by 43.75 per cent. Thus, in the case of the Oriental Gas Co, the increase in the price of gas over a period of 19 years has been about 95 per cent. Incidentally, it may be mentioned that the nationalisation of the Oriental Gas Co of Calcutta, instead of improving the quality of service and reducing the price for gas, has, on the contrary, led to a substantial increase in the price of gas on the one hand and serious deterioration in the quality of service to the consumers on the other, and, consequently, there has been much public criticism and resentment at the arbitrary manner in which the increased charges for gas are billed. The B E S T undertaking of the Bombay Municipality, with effect from 21st April, 1963, has raised the minimum bus fare from 7 nP to 10 nP, i e, by 43 per cent. It is also reported that the same undertaking is presently contemplating further increases in bus fare. During the last six years (1958-64), in the city of Calcutta, the bus and tram fares have been raised twice, first in 1958 on the recommendation of a Commission of Inquiry and just recently, with effect from 29th April, 1964, on account of rise in the cost of maintenance and service, and the public of Calcutta have accepted these two rises without any protest whatsoever. On this latest occasion, the lowest tram fare in Calcutta was raised from 6 nP to 7 nP per ticket, i e, by 17%. Likewise, Delhi Transport Undertaking is reported to have also recently increased the bus fares by 50 to 80 per cent. It may also be mentioned that the Bombay Municipality, within a period of 8 years, from 1948 to 1956, has raised water charges per '000 gallon from Re 1 to Rs 1.50, i e, by 50 per cent. It will be noted that these are very essential commodities and services affecting the pockets of even the poorest working class people.

Consumers Do Not Grudge Reasonable Increase in Gas Price

The claim of the Bombay Gas Company to an adequate increase in the price of gas; is based on the well-recognised economic principle or convention mentioned above. It is, also, as explained earlier, based specifically on the Company's legal right under the Bombay Gas Supply Act, which is the obverse of its legal obligation under that Act to supply gas at such control price as may be fixed by Government from time to time in accordance with the recommendation of the Gas Advisory Committee. Such being the case, it is difficult to understand the reasons or the motives which may be weighing with the Government in taking no action, or, at any rate, in going slow in dealing with, the Company's well-proven case for an adequate increase in the price of gas. The spokesmen *of* the Government have sometimes suggested that the consumers of gas, by and large, being lower middle-class people, a rise in the price of gas would hit them hard and provoke resistance. Such a view would be altogether ill-founded and unsound, for by far the largest number of consumers of town's gas reside in such aristocratic localities as Malabar Hill, Marine Drive, Cumballa Hill, Cuffe Parade, Fort, *etc.* or are flourishing business units in different parts of the City. At a time when even the poorest; classes are under compulsion to bear the heavy burden of rising prices of essential commodities and services, like electricity, trans port, etc, it is most: unreasonable to hold that a moderate increase in the current price of gas, which, by the way, was fixed as long ago as in 1949 and which, incidentally, is somewhat lower than what it had been in 1926, would inflict an excessive burden on the rich and prosperous individuals who are privileged to live in those expensive areas and who have enjoyed the advantage of subsidized gas price over the years. That there is no substance at all in this view regarding the burden of an increase in gas price on the consumers, would be crystal-clear from the fact that, according to available information, there are at the present time in the city of Bombay itself over 104,000 consumers of Liquid Petroleum Gas with the trade names of "Burshane' and 'Mobilflame', with another 64,000 consumers of this bottled gas being located in other parts of Maharashtra and certain parts of Gujarat (i e, old Bombay State), who readily buy this Liquid Petroleum Gas at nearly 4 times the price of town's gas. It is altogether anomalous, unjust and inequitable to hold that a moderate increase in the present town's gas price of Rs 3.94 per unit consumed by some 18,000 rich and prosperous consumers including modern, luxurious hotels and big industrial units, would be an excessive burden to them while in the very same city of Bombay hundreds of thousands of consumers, many of them being m the middle-income brackets, are eagerly and spontaneously buying and consuming Liquid Petroleum Gas at a higher price of around Rs 16 per unit, without causing any complaint or unfavourable comments in any quarters including the general public and the Government, In this connection, it is interesting to note that at the present time ESSO Oil Company is reported to be enlisting 2.000 new consumers every month in the Bombay city itself and that in the city of Calcutta, where the supply of Burshane was started on 1st July, 1964, the registration of new consumers of this bottled gas is proceeding at the rate of 400-500 per day. In this connection, it would be quite proper and pertinent to raise the question whether it was not a patently and grossly discriminating policy on the part of the Government to peg down, most rigorously and inflexibly, the control price of town's gas to Rs 3.94 per 000 cubic feet over a period of almost two decades despite enormous increases in all important costs and prices during the time, while, at the same time, freely allowing two Oil Companies to sell a substitute for piped town's gas, namely, Liquid Petroleum Gas, at almost four times the price of town's gas, namely, Rs 16 or more per equivalent unit in terms of thermal power to over 168,000 consumers of middle-income bracket groups *in* the self-same city of Bombay and in certain contiguous areas of Maharashtra and Gujarat, the unjust discrimination being in effect applied against the Bombay Gas Co, which has been rendering a good service to the city of Bombay, continuously for almost two decades, by supplying piped gas, the most convenient form of fuel, at a rate which is by far the cheapest rate in any part of the world including the most advanced countries of modern times. It may also be pertinently asked whether it is not extremely anomalous and paradoxical that, whereas the rate for electricity in greater Bombay has been increased by 37.1 per cent in the course of only 2 years, which certainly hit hard many millions of consumers of lower income groups, the Government of Maharashtra is found to show such excessive solicitude for the 18,000 consumers of town's gas belonging to the upper-income bracket groups, that they appear to have firmly resolved that not even a moderate increase be granted in the price of town's gas however justifiable it might be in law and equity and by considerations of indisputable and well-proven increases in the costs of production and distribution of gas.

Company Has Made Substantial Expansion of Supply

The present management carried out substantial expansion of production and increased gas supply by 64 Per cent from 988.242,300 eft. in 1946 to 16,13.887.000 eft. in 1963. New gas connections came to 3430. out of which 2500 were given in 1957-58, in response to an assurance informally given by the then Ministers concerned to the effect that if the Company earned out expansion and gave new gas connections, the Government would favourably consider the question of an increase in the price of gas. The Company, in good faith, carried out this substantial expansion programme. In this connection, it may also be pointed out that, had the average consumption of gas per consumer remained unchanged at the level of 1946, the expanded gas supply would have sufficed to add some 9000 new gas connections to the 14.831 in existence at 1946. However, while the Company invested a considerable amount on this occasion to give new gas connections and thus fulfil its part of the informal understanding, the Government gave no price increase whosoever. This was also an important instance of unfair and inequitable treatment received by the Company at the hands of the Government.

We invested in 1946 a very large amount of money to acquire the assets of the Bombay Gas Co., from its foreign owners. This fact was admitted by the First Gas Advisory Committee headed by Sir Navroji J. Wadia, a retired Judge of the Bombay High Court. Since then, the Company has put back into the undertaking some Rs 70 lakhs of which about Rs 17.31 lakhs was spent as lately as in 1962 and 1963 to provide some ancillary facilities, such as complete re sheeting of a gas-holder, setting up an elevated purifier box and enlarging the gas mains at important places, etc, with a view to facilitating the flow of larger gas supplies proposed to be immediately undertaken by the Company. In this case, also, the Company put back into the undertaking these large sums in perfect good faith in the intentions of the Government to give a fair deal to the Company. And we are shocked to learn that Government now propose to forsake all considerations of justice and fair play in dealing with the Company.

The Company's fixed assets, recently revalued by the well-known surveyors Messrs IBCON (P) Ltd. in the light of present-day market prices of such assets and after providing for full depreciation, stand at Rs 3.19 crores, as at 31-12-1963.

Company's Dividend Policy Has Been Conservative

It is sometimes held against the Company that it had distributed high dividends in the past. The actual facts are as under:

Average annual dividend during 1947-52 ...	7.12%
Average annual dividend during 1953-56 ...	12.50%
Average annual dividend during 1957-62 ...	3.52%
1962	Substantial loss md no dividend.
1963 ...	Much heavier losses and no dividend.

The above percentages of dividends are on the basis of the paid-up capital of Rs 40 lakhs as shown in the Company's books. Actually, however, the present management had paid, as mentioned above, a much larger amount in acquiring the valuable assets of the indertaking from the foreign stock-holders. This high acquisition price was based on the then ruling market price of the stock of the Company. In relation to the cost of acquisition of the assets of the Company, the dividends would be as follows:

Average annual dividend during 1947-52 ...	2.49%
Average annual dividend during 1953-56 ...	4.38%

Average annual dividend during 1957-62 ... 1.23%

And it is obvious that these effective dividend rates were much too low by any standard and these figures would completely demolish the wrong impression that the Company had indulged in paying excessively high dividend for certain years in the past.

With an Economic Price for Gas, the Company Will Readily Improve Workers' Remuneration and Amenities

One of the direct and devastating effects of the continuance of an uneconomic price for a prolonged period has been that the Company's finances are so crippled that it has not been possible for the Company to bring about any upward wage revision, or to give any bonus to its employees, for the past several years. Today, there is acute unrest among the workers, and great dissatisfaction among the members of the staff on this account, which is an extremely unfavourable trend even in normal times, and more so at the present juncture. The workers have preferred a claim for the payment of bonus for the year 1962, and their "Charter of Demands" claiming several benefits, is pending before the Conciliator. Similarly, the Company's Staff Association has put in a claim for upward revision of salaries, and for other benefits. If these claims are allowed, it would be an unbearably heavy burden on the present slender resources of the Company. In this connection, it would be pertinent to point out that the Government's directive to industrial units to pay higher dearness allowance to employees pursuant to the recommendations of the Lakdawala Committee has also imposed a very heavy financial burden on the Company to the tune of over Rs 2 lakhs per year. The issue of a Notice in this behalf by the Company notifying to the employees, its intention to discontinue paying the re-adjusted dearness allowance caused considerable unrest among the employees, who waited in deputation on the Labour and Industries Ministers, and in consequence the Government have referred the matter for adjudication to an Industrial Tribunal. The Government has been stoutly advocating industrial peace and better understanding between management and labour, and very rightly so. An adequate increase in gas price, and a consequent improvement in its financial position, would enable the Company to consider favourably the claims of the employees for better terms during the present times of economic stress and mounting costs of living.

Ill-Conceived and Ill-Timed National!sation or Municipallsation Talk — The Prime Minister's Grave Warning and Wise Advice Regarding Priorities

In response to a very recent personal representation to the Government, earnestly pleading for an immediate and adequate rise in the price of town's gas, we were informally given to understand that Government were presently considering the question of nationalising or municipalising the Bombay Gas Company. The question of nationalisation or municipalisation is a question of high policy. It may, however, be pointed out that, according to the Industrial Policy Resolution, dated 30th April, 1956, carbonisation of coal is included in Schedule B. In the said Resolution it is mentioned that, while, with a view to accelerating their future development, the State will increasingly establish new undertakings in the industries in Schedule B, at the same time, private enterprise will also have the opportunity to develop in this field, either on its own or with the State participation. It can be reasonably argued that; since there is already a well-established, experienced and efficient private sector unit of gas industry in the Bombay city, it is entitled to be allowed to continue to render its service to the Bombay city under suitable economic conditions. This point of view derives special support from the fact that the Union Government, in accordance with the Industrial Policy Resolution cited above, has recently given a licence for the installation of a coke oven plant in the Maharashtra State, in the private sector, the licensee being Messrs Shanta Bros Private Ltd. Town's gas, however, is relatively low in the scale of priorities for nationalisation with a view to carrying through rapid expansion and providing for substantially wider availability. There are several other items which have much higher priority from the point of view of social welfare-cum-economic development, such as adequate supply of drinking water in the towns and villages, road transport, electricity, slum clearance, working and middle-class housing and state-wide health services with hospitals—all of which would involve development on a colossal scale, entailing huge capital outlays and employment of large numbers of top level administrative personnel. When these high-priority items have been taken care of, say, within a period of four or five years, it would then be appropriate time for Government to review the question of taking over relatively low-priority items like town's gas. It would be pertinent to point out that many of the huge capital-intensive enterprises in the public sector, according to the findings of the Estimates and Public Accounts Committees of Parliament, have failed to show any conspicuous success in respect of planning, programming, executing and financing. On the contrary, there have been far too many cases of lack of proper programming and phasing and of absence of efficient; operation, with the result that there has been colossal wastage of money, material and manpower, and the return on the huge investments has been extremely poor and disappointing, being, for instance, as low as 2.5 per cent, in 1962-63, even after ignoring the huge losses sustained by Hindustan Steel Ltd. In this connection, we do hope that all parties, concerned with the economic progress and social welfare of the country, will give serious heed to the wise advice and timely warning that has been recently given by our beloved Prime Minister, Shri Lal Bahadur Shastri, regarding the imperative need of applying stricter standards of priorities in our development plans and programmes. In the undoubtedly grave situation of a developing crisis which the country faces, the Prime Minister rightly says, "It is imperative that Government policies in the immediate future should be geared to meeting the requirements of the common man. . ." The Prime Minister goes on to say, "What is needed at the present time is not the launching of new projects but ensuring that these already in execution arc completed expeditiously, giving a good return to the community." The Prime Minister, also wisely points out that "the people should feel that the additional burden they carried during the last few years has brought tangible results to them. So far such returns have been totally inadequate and not commensurate with investments made at great sacrifice and with a rising tax burden."

The proposal for the municipalisation of the Bombay Gas Co, was mooted long ago. But, by requiring the Company to undertake an expansion programme, by setting up a Gas Advisory Committee, by demanding a "binding undertaking" from the Company, and by allowing the Company to proceed with important preliminary steps for giving new gas connections, the Government had clearly indicated that the question of municipalisation had been put off by a few years and that, in the meantime, the Bombay Gas Co would be allowed to continue and that, as clearly implied by the very fact of the appointment of a Gas Advisory Committee, the Company would be given a rise in the gas price if recommended by the Advisory Committee.

We have taken great pains to nurture the Company for the last eighteen years. We invested very large amounts in acquiring the former British-owned Company and in developing it over all these years. We have effected all-round improvement in its efficiency. The quality of its service would compare very favourably with that of any other public utility concern in this country, including even the largest Electric Supply Undertakings in Bombay, Calcutta and elsewhere. By taking over the Company at a huge capital expenditure, we have saved year after year, over this long period, substantial amounts of foreign exchange which would have been otherwise remitted abroad by way of transfer of profits. We have also completely Indianised the managerial and technical staff, thereby also saving considerable amounts of foreign exchange. And we still hope that, in consideration of these substantial contributions to the national economy, Government would give us that justice and fair deal to which we are clearly and definitely entitled.

Plant and Machinery

During the year we have added plant, machinery and equipment worth Rs 2.50 lakhs, including one additional Holmes Commersville Station Meter having a capacity of 6 million cu ft per day, one Sternette Compressor unit for oil refrigeration and one 100 KW Germanium Rectified set.

Appreciation

Before I conclude, I would like to express our warmest appreciation to the workers, the staff and officers for their whole-hearted cooperation and specially to Shri S. Chowdhary, your General Manager & Secretary, and Shri A. S. Rao, your Deputy General Manager, for their invaluable services.

The South Madras Electric Supply Corporation Limited

Registered Office:

Power House : Tennur : Tiruchirapalli

Extract from the Speech of Sri K. A. P. Visvanatham, Chairman, Delivered on the Occasion of the 34th Annual General Meeting of the Company Held on the 14th August, 1964:

PLEASE allow me to welcome you all to this Twenty fourth Annual General Meeting of the Company.

We are gathered here today under the gloom cast by the demise of our beloved Shri Jawaharlal Nehru. As one of the architects of our freedom and then as our Prime Minister, from the time the country reached its independent status, he worked hard for improving the economic status of the ordinary individual and to conferring equality to all people. He succeeded in his objectives in no small measure. May we deserve his efforts and sacrifices and continue to work in his footsteps, to achieve his objectives and ideals.

We are fortunate in having in Shri Lal Bahadur Shastri a worthy successor to Nehruji. He has been acclaimed, the world over, as one who would follow Nehruji's footsteps, most sincerely and effectively. I am sure that in his efforts to bring economic happiness at home and world peace and amity all over, he will have the sincere co-operation and goodwill of every citizen of India.

Last year the Balance Sheet and accounts of the Company could not be published on account of the prohibition imposed on the publication of such documents under the Defence of India Rules in 1963. I am glad to state that this prohibition has however been relaxed and hence the accounts of this year have been published. I believe you will share with us the gratification that our Company's affairs progressed very satisfactorily. Though the restrictions imposed under the Emergency have been relaxed, I would like to repeat my assurance to the Government, on behalf of all of you, that this Company's resources and services will be always available to the Government in any emergency.

Now, reverting to the specific affairs of the Company, as 1 said earlier the progress all round has been satisfactory. Expansion in both rural and urban areas has been up to the usual budgeted schedules. Inspite of our having given up large blocks of the area to the Electricity Board for development, demand for extension in the retained area, for both agricultural and domestic services continues to be heavy.

The Company has decided to invest between 20 to 25 lakhs of rupees every year on such expansion projects, so that over the next 7 to 8 years we can cover the entire area entrusted to us, with electricity services, fully.

We had an almost calamitous power position this year from the beginning of June to the end of July. Due to late decisions taken by the Government on the imposition of restrictions, the mode of power regulation was very unsatisfactory and caused untold harassment to the rural and urban consumers of domestic power. I would request the officials of the Electricity Board to recognise the fact that the hydro-electric generation in this State is subject to vagaries of monsoon and to therefore take more timely and rational steps in regulating power supply to avoid much unpleasant situations.

I am however glad to say that the abundant, though late, rains, are reported to have filled up the Kundah and Pykara reservoirs and that Mettur, Periar and Papanasam lakes are also receiving a full measure of water supply This position. I am told will ensure to us that in the coming summer months, we will not be subjected to any anxiety on account of power restrictions.