

Trombay Thermal Project

THE Managing Agents of the Tata Hydro-Electric Companies have issued the following statement:

The Minister for Public Works answering a question in the Bombay Legislative Assembly on 22nd December stated that Tatas were responsible for the delay in the grant of the licence for the Trombay project, as they wanted to modify the original agreement in regard to the capacity of the thermal station. The Minister also suggested that Tatas were being unreasonable in not foregoing the standing charges on the second unit. The Tata Hydro Companies therefore present the following facts so that the public may judge where the responsibility for the delay rests.

In December 1951, Tatas approached the Government of Bombay with their project for a thermal station at Trombay.

In June 1952, Government recorded their agreement to the installation at Trombay of a thermal station with a maximum capacity of 100,000 KW. The first unit was to be of 50,000 KW capacity, and subsequent unit or units were to be ordered and installed "according to the requirements of the system in consultation with Government". Tatas were asked to proceed with preliminary arrangements for the execution of the project, in anticipation of the formalities being completed. They accordingly engaged consultants, selected the site and planned the station. Application was made to the Government of India to sanction additional capital and to sponsor a loan from the World Bank.

In August 1952, the Companies sent to Government for approval a draft notification for the extension of the Hydro licences to 1975, as this formed an integral part of the agreed arrangement and was necessary for the Hydro Companies to raise additional equity capital.

In November 1952, the Companies sent to Government for approval a draft licence for the thermal station.

In January 1953, Government convened a meeting, when agreement was reached on the principal provisions of the Trombay licence and the extension of the Hydro licences. It is clear from the agreed minutes of that meeting that (1) the arrangement referred to in Government's letter of 6th June 1952 was reaffirmed, and (2) that in carrying

out the arrangement, Tatas requested Government's approval to the installation of the second unit because "the requirements of the system" could, in their opinion, be satisfied only by setting up this second unit by 1957-

At no stage during these discussions or subsequently was the agreement regarding the capacity of the Trombay station modified, nor did Tatas suggest any modification. It was the Government who sought to alter the agreement regarding capacity in their revised draft of the Trombay licence. When these documents were finalised, however, at the Companies' instance the provision regarding capacity contained in the original arrangement of June 1952 was restored.

In October 1953, after several reminders, Government's revised drafts of the two licences were received. This was fourteen months after the Companies submitted their draft for the modification of the Hydro licences, eleven months after forwarding their draft of the Trombay licence and nine months after the meeting of January 1953 at which outstanding questions concerning the licence and extensions were settled.

In November 1953, the licence and the agreement were signed and issued. If Government had sent their revised drafts within a reasonable time after the meeting of 19th January 1953, the licence could have been finalised at least six months earlier.

STANDING CHARGES

The Minister also told the Assembly that Government was willing to grant permission for the immediate installation of the second unit if Tatas were willing to forego the compensation on that unit while it remained idle on the advent of Koyna hydro power. There was no question of Tatas asking for any compensation. As the public know, all electrical undertakings are rigidly controlled by the Electricity (Supply) Act, 1948. Under the provisions of that Act, an electrical undertaking must so arrange its tariff as to limit its profit to a nett return of five per cent. In practice, however, this five per cent has been found too low to attract fresh capital for expansion.

The Act provides that where Companies work under a grid system and if certain units have to be closed

down, the standing charges of those units, including the cost of maintaining the units as standby and the above five per cent return, have to be met out of the general tariff of the grid. The Government's proposal would mean that though the Companies would have to meet the interest charges on the World Bank loan for financing the second unit, maintain the plant as a standby, incur depreciation and other charges on it, they would not be permitted to recover any of these charges in supplying electricity. If the Companies were operating under a system of private enterprise where they could charge a proper economic rate for electricity and provide adequate reserves, one could understand such a proposal, but the present conditions and the regulations of the Supply Act rule out this possibility. Indeed, the proposal lacks an understanding of the present-day difficulties in obtaining fresh capital for expansion, particularly in the case of electrical companies. No share capital would have been available to the Companies on the basis outlined by Government. What makes the proposal even more unreasonable is that even if the demand for the second unit were completely established and the second unit were operated for a number of years before Koyna came into existence, the Companies would have to forego these standing charges for the time the unit remained closed. It is worth noting here that Tatas readily accepted the proposal of Government that as and when Koyna power was available the thermal units such as Trombay should be closed down even though the integrated tariff rate of the Tata electric system might be lower than that of Koyna.

One final point: The major consumers of power, such as the textile industry, public bodies and distributing licensees have consented to this charge. As the domestic consumers use only a small fraction of the total power supplied, no hardship would result to them. Moreover, the question of Government footing the bill does not arise. Since, the consuming public have accepted the need for the second unit and are willing to bear the cost of it, it is difficult to understand Government's opposition.

The Tata Hydro system has been overloaded for the last several years with the result that the normal overhaul of generating units at the Hydro

stations has had to be deferred, with a consequent risk of a major breakdown. The only solution is to provide adequate thermal reserves. A single unit of 50,000 KW will not meet the growth of current demands, much less provide this reserve. Unless therefore, even at this late stage there is a reconsideration of Government's decision, it would appear that the power shortage from which Bombay has been suffering will continue till 1960-61.

This shortage has already resulted in the denial to industries of power for their schemes of expansion and has prevented new enterprises which would have provided additional employment to a substantial number of workers being set up in the region. Government's policy also represents a gamble on the rainfall and if that proves wrong, it might easily result in severe loss to industry, distress to labour and inconvenience to the general public.

year's record total of 105 mn tons. The largest individual increase is in Iraq, where production is estimated at just over 28 mn tons, against 19 mn tons last year.

In the Commonwealth, production in Canada is expected to amount to 11 mn tons, and in British Borneo to about 5 mn tons.

Final Estimate of Jute

The all-India final estimate of jute for 1953-54 puts the area under jute at 1,196,000 acres and yield at 3,12,000 bales (of 400 lbs each) respectively as against the partially revised estimate for last year of 1,817,000 acres and 4,605,000 bales. This shows a decrease of 621,000 acres or 34.2 per cent in acreage and 1,477,000 bales or 32.1 per cent in yield.

The decline in both acreage and yield has been reported by all the jute-growing states, is, however, more marked in West Bengal and Bihar and is due mainly to unfavourable weather conditions and low prices of jute at the time of sowing.

Republic Day A Paid Holiday

A directive has been issued by the Government of India to their officers in charge of industrial undertakings; as in earlier years, for declaring the Republic Day as a paid holiday.

The Government of India presumes that many industrial undertakings have already prescribed January 26 as one of their regular holidays, but where this has not been done, it hopes that employers will treat the day as an additional paid holiday and not as a substituted holiday.

Ceylon Seeks World Bank Loan

To help with its hydroelectric development project, Ceylon has applied to the World Bank for a loan of about \$20 mn.

At Home and Abroad

Finance Ministers' Conference at Sydney

The Government of India delegation to the Commonwealth Finance Ministers' Conference to be held at Sydney from January 8, 1954 will consist of:

Shri C D Deshmukh, Finance Minister;

Gen K M Cariappa, the High Commissioner for India in Australia;

Shri M V Rangachari, Joint Secretary, Ministry of Finance;

Shri S Boothalingam, Joint Secretary, Ministry of Commerce and Industry;

Shri J J Anjaria, Economic Adviser, Ministry of Finance;

Shri P Ratnam, Official Secretary, Indian High Commission in Australia;

Shri V Doraiswamy, Under Secretary, Ministry of Finance;

Shri P D Kasbekar, Private Secretary to the Finance Minister; and

Shri K N R Ramanujam, Deputy Director, Reserve Bank of India.

The agenda for the Conference includes a review of the economic developments in the Commonwealth countries since the last meeting of Commonwealth Prime Ministers, the balance of payments prospects of these countries and co-operation with the non Commonwealth countries in financial and trade matters.

offices of the Directorate General of Posts and Telegraphs under the Ministry of Communications.

This was given in a written reply to a question in the House of the People by the Deputy Finance Minister who added that the review conducted by the team had disclosed overstaffing in a number of offices. Delegs in office procedure and duplication of effort had also come to light and suitable remedial measures had been suggested in all such cases.

Record World Oil Output

The world production of oil reached a new high peak of about 675 million tons in 1953, according to figures released by the Petroleum Information Bureau in London. This total, which includes the output of natural gasoline, compares favourably with last year's production of 640 mn tons.

"The production of oil in the United States is expected to exceed 340 mn tons, ie, just over 50 per cent of the world output". The Middle Eastern Oilfields have registered a considerable increase in total output, which is expected to exceed 112 mn tons, well above last

Overstuffing of Ministries'

The special team of officers which has been examining the organisations of the Government of India had so far covered the Ministries of Food and Agriculture, Irrigation and Power and Labour and their attached and subordinate offices, the Office of the Union Public Service Commission, the Headquarters Office of the Chief Controller of Imports and Exports, the Development Wing of the Ministry of Commerce and Industry and ten subordinate

