

# **COMMITTEE OF PRIVILEGES**

**( FOURTH LOK SABHA )**

## **SEVENTH REPORT**

**( Presented on the 8th August, 1969 )**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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# PERSONNEL OF THE COMMITTEE OF PRIVILEGES

(1969-70)

## CHAIRMAN

Shri R. K. Khadilkar

## MEMBERS

2. Shri Rajendranath Barua
3. Shri N. C. Chatterjee
4. Shri Surendranath Dwivedy
5. Shri Shri Chand Goyal
6. Shri Hem Raj
7. Shri Thandavan Kiruttinan
8. Shri P. Govinda Menon
9. Shri H. N. Mukerjee
10. Shri Raja Venkatappa Naik
11. Shri G. L. Nanda
12. Shri K. Raghuramaiah
13. Shri P. Ramamurti
14. Chaudhuri Randhir Singh
15. Shri K. Narayana Rao.

## SECRETARIAT

Shri B. K. Mukherjee—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

# SEVENTH REPORT OF THE COMMITTEE OF PRIVILEGES

(Fourth Lok Sabha)

## I. INTRODUCTION AND PROCEDURE

I, the Chairman of the Committee of Privileges, having been authorised to submit the report on their behalf, present this report to the House, on the question of privilege raised<sup>1</sup> by Shri George Fernandes, M.P., and referred<sup>2</sup> to the Committee by the House, on the 16th April, 1969 in respect of an article<sup>3</sup> entitled "Success Story of Trombay Fertiliser", published in the *Financial Express*, Bombay, dated the 1st April, 1969, which allegedly cast aspersions on the Committee on Public Undertakings.

2. The Committee held three sittings. The relevant minutes of these sittings form part of the report.

3. At the first sitting, held on the 7th May, 1969, the Committee directed that, in the first instance, the Editor of the newspaper, and the concerned Industrial Correspondent, author of the impugned article, be asked to state for the consideration of the Committee what they might have to state on the matter. The Committee also authorised the Chairman to decide, after the receipt of the explanations from the Editor and the concerned Industrial Correspondent, whether they or any of them be called to appear before the Committee and, if so, to direct their appearance before the Committee. The Committee further authorised the Chairman to call for the explanations of any of the officials concerned, if so considered necessary by the Chairman in the light of the explanations submitted by the Editor and the concerned Industrial Correspondent.

4. At the second sitting held on the 16th July, 1969, the Committee considered the written statements submitted by the Editor, *Financial Express*, Bombay, and by Dr. S. K. Mukherjee, General Manager of the Trombay Unit of the Fertilizer Corporation of India, Bombay. The Committee also examined Shri G. M. Laud, Editor, *Financial Express*, Bombay, on oath.

5. At the third sitting held on the 4th August, 1969, the Committee considered their draft report and adopted it.

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<sup>1</sup>. L.S. Deb. dt. 11-4-1969.

<sup>2</sup>. *Ibid* 16-4-1969.

<sup>3</sup>. See Appendix-I.

## II. FACTS OF THE CASE

6. On the 11th April, 1969, Shri George Fernandes, M.P., while raising<sup>4</sup> a question of privilege in the House in respect of an article entitled "Success Story of Trombay Fertiliser", published in the *Financial Express*, dated the 1st April, 1969, stated<sup>5</sup> *inter alia* as follows:

".....although the question of privilege which I am raising here relates to the *Financial Express* only, yet I have to make complaints against the officers of the Trombay Unit of Fertilizer Corporation. The Report of the Public Undertakings Committee of Parliament on the working of the Fertiliser Corporation was submitted by its Chairman, Shri Dhillon on the 12th March, 1969. The Committee had criticised the said Corporation. The officers of the Fertiliser Corporation and the American Company Chemico, against which complaints were there, criticised the report before various parties which fact had come to light. The American Company Chemico, which was involved therein, had been giving full page advertisements to the newspapers under the caption 'Truth about Trombay' which in effect was a criticism of the report of the Committee without, actually naming it. While, on the one hand, all this propaganda by this Company was going on, on the other hand, the officers of the Bombay Fertiliser Corporation, influenced the Correspondent of the *Financial Express* and got an article published in that paper opposing the suggestions of the Committee, which tantamounted to a contempt of the Committee i.e. the Public Undertakings Committee.

The Committee had criticised the officers of this Unit of the Corporation *inter alia* for its contract with its American Collaborators viz. the Chemico, which had cost the country lakhs of rupees.

The article not only refuted the findings of the Committee but also presented the whole thing in such a manner as though the Committee had not gone into the basic issues regarding decline in production etc. at all and had called the criticism of the Committee as 'an ill-informed criticism' and further criticised the Committee for holding the enquiry in a wrong manner.

Finally, I would like to quote two sentences from the article itself published in that Paper. It reads:

'But many in the plant felt disgusted at the ill-timed report of the Committee on Public Undertakings, which,

<sup>4</sup>. L.S. Deb. dt. 11-4-1969.

<sup>5</sup>. Original in Hindi.

to quote one 'brought back the dirty linen for a second wash in the public'. It is to be hoped that the Committee on Public Undertakings' report would turn out to be nothing more than kindling the dead fire.'

Thus the findings of the Committee were refuted by the officers of the Bombay Fertiliser Corporation in collusion with the correspondent of the above paper as it is evident from the article referred to. Therefore, a question of privilege arises not only against the Paper but also against the officers of the Corporation who had a hand in criticism against the findings and suggestions of the Committee. The matter should be referred to the Privileges Committee against both the correspondent concerned of the said Paper as also against the concerned officers of the Corporation."

7. On the 16th April, 1969, the Minister of Petroleum & Chemicals and Mines and Metals made a statement<sup>9</sup> in the House on the matter. He stated *inter alia* as follows:

"My enquiries have revealed the following facts. The Industrial Correspondent of the *Financial Express* visited the Trombay Factory on March 24, 1969 along with 24 other press correspondents and 11 members of the United States Information Service as part of a group sponsored by the latter. The group visited the different plants, and had a brief talk with the General Manager for about 15 minutes. They were entertained at Lunch where some senior officers of the plant were present. A few days later, on March 31, the General Manager held a press conference which was attended by the representatives of 18 papers including the *Financial Express*. The purpose of the conference was to publicise the achievements of the Trombay Unit during the year 1968-69. Accordingly a hand-out containing relevant background information was given to the correspondents. I have gone through this hand-out carefully and I find it contains no reference to the Twenty-sixth Report of the Committee on Public Undertakings. Besides, I have obtained reports from the General Manager, Trombay and the Chairman and Managing Director, Fertiliser Corporation of India on this matter. The General Manager has categorically denied that he ever discussed the Report of the Committee on Public Undertakings with the correspondents of the *Financial Express* on March 24 or 31 or at any other time. The Chairman and Managing Director of the Corporation is positive that in view of the well-known views held by the

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<sup>9</sup>. L.S. Deb. dt. 16-4-1969.

General Manager and his officers in regard to the conduct and performance of the erstwhile contractors of the plant, the statements to which objection has been taken could not have been made by them. On the basis of these reports I am convinced that neither the General Manager nor his officers had collaborated in the writing of the article or had made any statement which could be construed as casting aspersions on the Hon'ble Members of the Committee on Public Undertakings."

8. Speaking on the question, Shri G. S. Dhillon, Chairman, Committee on Public Undertakings, observed as follows:—

"I have seen the report as it appeared in the various papers and also in the *Financial Express*. The same letter was sent to the other Members by the Vice-President of Chemico and after going through the contents of that letter, I find that the criticism in the *Financial Express* and also one of the posters that appeared in the *Indian Express* are based practically on the same view. The wording is almost common. But, as to why they should have made this specific and categorical reference about the observations made by the officers of the undertaking, is rather inexplicable. And I think, Sir, when we refer this to the Privileges Committee, all these matters can be examined on merits."

9. Thereafter, the House adopted the following motion, moved by Shri George Fernandes:—

"That the question of privilege in respect of the article entitled 'Success Story of Trombay Fertilizer' published in the *Financial Express*, Bombay, dated the 1st April, 1969, be referred to the Committee of Privileges for investigation and Report."

### III. FINDINGS OF THE COMMITTEE

10. The explanation submitted by the Editor of the *Financial Express* is reproduced at Appendix II. The Editor, in his explanation, has *inter alia* stated as follows:

"...The article, in question, is a result of the study made by our Industrial Correspondent on his two visits to the Trombay plant and of the relevant papers on the subject. Our Industrial Correspondent visited the plant twice—on March 24 and March 31, 1969.

On the first visit, there were a number of other Correspondents and Members of USIS. The group visited the different plants

and had informal discussions with the Officers during the course of inspection as also during the lunch to which the group was entertained. The General Manager also participated in the discussion. The General Manager also held a Press Conference on March 31, 1969 and also issued a hand-out. There was also discussion at the Press Conference when the General Manager was put various questions by the Press Correspondents to which he replied. Our Industrial Correspondent had also considerable other material on the problems of Trombay plant. The article written by him is a result of his study and reflects his views *bonafide* held by him and expressed by him in public interest. I am particularly asked by our Industrial Correspondent to convey to the Hon'ble Members of the Privileges Committee that he had not the remotest intention to cast any aspersions or reflections on the Hon'ble Members of the Committee on Public Undertakings. It will not be proper for me to disclose the name of our Industrial Correspondent as requested by you. I, as Editor, take the responsibility for the publication of the Article."

"It has been suggested in the speech of Shri George Fernandes that the article was written in collaboration with the Officers of the Trombay plant and it is suggested that it was an inspired article. I wish to state that the allegation is unfounded. It is true that our Industrial Correspondent had discussion with some of the Officers of the Trombay plant and he also attended the Press Conference held by the General Manager and the article is a result of such discussion and the information he gathered as a result thereof."

"The visit to the factory on March 24, 1969 was arranged and the Press Conference was held, expressly for the purpose of publicising the achievement of the Trombay Unit during the year 1968-69.... This article was not intended in any manner to shield those who were considered guilty of past misconduct or in any manner, to interfere with the suggestions which were made by the Committee on Public Undertakings for further inquiry or for further steps for past wrongs."

"...I again wish to assure the Honourable Members of the Committee of Privileges that we have no intention to cast any aspersions on the Hon'ble Members of the Committee on Public Undertakings."

11. The Editor of the *Financial Express* did not, however, furnish the written statement of the concerned Industrial Correspondent, nor did he disclose his name and full address, as asked for in accordance



with the directions of the Committee of Privileges. In this connection, he stated in his explanation that "it will not be proper for me to disclose the name of our Industrial Correspondent as requested by you. I, as Editor, take the responsibility for the publication of the article".

12. In the light of the explanation submitted by the Editor of the *Financial Express*, Dr. S. K. Mukherjee, General Manager of the Fertilizer Corporation of India, Trombay Unit, Bombay, was asked under the directions of the Chairman, Committee of Privileges, to state for the consideration of the Committee what he might have to say in the matter. He was also requested to furnish a copy of the proceedings of the Press Conference held by him on the 31st March, 1969 and copies of the hand-out containing background information, given to the Press Correspondents on that occasion.

13. The written statement submitted by Dr. S. K. Mukherjee, General Manager of the Trombay Unit of the Fertilizer Corporation of India, is at Appendix III. Dr. S. K. Mukherjee, in his written statement, *inter alia* stated as under:

"On March 31, 1969 I had convened a Press Conference to provide information about our working results for the year 1968-69. .... A Press hand-out was circulated to them."

"The Correspondents asked for a few clarifications on our Press hand-out. No reference of any kind whatsoever was made in the Press Conference to the Committee on Public Undertakings Report either by me or any of the Press Correspondents, nor even any observation remotely connected with the Report."

"I had read the English papers on the morning of April 1, I found that the Press had reported generally well on our Press Conference except in the *Financial Express*.

My reaction on reading the *Financial Express* reporting was sharp as a number of inaccuracies had crept into the report and the reporting appeared to be confused."

"It might be noted that neither in the meeting of the Press representatives sponsored by USIS on March 24, 1969 nor in my Press Conference on March 31, 1969, the Committee on Public Undertakings Report, or any matter connected with this was discussed. On March 31, 1969 Press Conference, no reference of any kind to Committee on Public Undertakings Report whatsoever even remotely connected was made either by me or by any of the Correspondents. On March 24th meeting, only one Correspondent asked for my comments on newspaper report on Committee on Public Undertakings, but I had

stated that the Parliamentary Committee's Report is a published document, and I would not like to discuss the report. Thereafter no further discussion on this took place."

"There are several points in the report of the Industrial Correspondent of the *Financial Express* which require clarifications. The important points in the report are being dealt with below:—

'Given the cool thinking the Trombay Unit deserves, it is apparent that much of the controversies that came up between 1965 (when the Ammonia Plant went on stream) and 1967 were misguided—often triggered either by clash of personalities or based on mis-information. Take for instance, the allegation about Chemico—the main Contractor for the Fertilizer Plant—being inexperienced. A senior official of the plant told this correspondent during a recent visit that COPU must have been confused about the various foreign contractors in the plants. When the contract was signed in 1962 Chemico were undoubtedly in the lead.'

The report of the Committee on Public Undertakings will show that nowhere has Chemico been labelled as inexperienced. It is the other parties namely Chemical and Industrial and Girdler who put up the Nitrophosphate and Methanol Plants who were inexperienced. The Trombay officials know this. I also generally checked with the various officials of the plant who had met the group on March 24 about any statement of the above type which they might have made. I was told that none of them have made such a statement."

"It is therefore, also highly improbable that any official of the Trombay Unit could say that 'Committee on Public Undertakings' must have been confused about the various foreign contractors in the plant. I myself obviously could never be confused about this. I have appeared before the Committee of Public Undertakings and I am fully aware of the precise position."

"I have not expressed anything either on March 24, 1969 or March 31, 1969 which would indicate my confidence to the Plant exceeding rated capacity production during the year 1969-70."

"The next point relates to the para—

'The turn in the tide for the Trombay Unit has come not a day too soon. But many in the plant felt disgusted at the ill-timed report of Committee on Public Undertakings

which to quote one 'brought back the dirty linen for a second wash in the public'. Trombay has taken two years to bring out its true image. True, it can face the storm now. It is to be hoped that the Committee on Public Undertakings Report would turn out to be nothing more than kindling the dead fire.'

I emphatically and categorically deny that I have made any such statement any time of 'ill-timed report of Committee on Public Undertakings' or 'brought back the dirty linen for a second wash in the public'. I had also stated nothing which could even remotely indicate that 'Committee on Public Undertakings Report would turn out to be nothing more than kindling the dead fire'.

I have made discreet enquiries from my various officers and I am told that none of them said anything criticising Committee on Public Undertakings. As far as my enquiries go, no officer talked of 'dirty linen for a second wash in the public'. As far as the last sentence of this paragraph is concerned, my enquiries from various officers indicate that none have expressed any such opinion."

"In the Press Conference on March 31st, no reference of any kind connected with the Report of the Parliamentary Committee was made by any Correspondent present. I did not make any comment on this and as there was no question on this, there has been no occasion even to mention about this report. The reports in newspapers other than *Financial Express* on my Press Conference as appeared on April 1 would clearly support this."

"My views about Chemico are well known amongst official circles. These have been clear and consistent and it would indeed be totally incongruous with the report of the Industrial Correspondent of *Financial Express* of April 1. Under the circumstances, the following comment would be very unfair:

'The Industrial Correspondent of the *Financial Express* had the active collaboration of the General Manager and other Officers of the Trombay Unit while writing this article.'

As stated earlier, in the Press Conference of March 31, there had been no mention of any kind whatsoever of the Report of Committee on Public Undertakings.

On March 24th meeting, there had been only one comment made drawing my attention to the Press Report which

appeared on March 13th on the report of the Committee on Public Undertakings. At that time I had categorically and emphatically stated that the report is a published document and I would not like to discuss on the report. Thereafter, this was not pursued and no further discussion took place.

It is totally inconceivable that either myself or any of the senior responsible officers would have made any comment even remotely or indirectly commenting/reflecting on the Committee on Public Undertakings report or on the Hon'ble Members of the Parliament. I hold the Parliament and its Hon'ble Members in the highest esteem and the Parliament as the Supreme body to which I as a Public Sector servant am ultimately accountable."

"Apart from the report of the *Financial Express* on April 1, no other papers have—to the best of my knowledge—reported anything relating to the Committee on Public Undertakings Report that have been reported in the *Financial Express* although there had been correspondents from many newspapers from all-over India on the March 24th meeting and the Bombay Correspondents on the March 31st Press Conference."

"On perusal of the reply forwarded by the Editor, *Financial Express*, Bombay on the above article I have to observe as follows:

The Editor had mentioned in the third para of his letter—

'The Article in question, is a result of study made by our Industrial Correspondent on his two visits to Trombay Plant and of the relevant papers on the subject. Our Industrial Correspondent visited the Plant twice on March 24 and March 31st, 1969.'

The Industrial Correspondent of the *Financial Express* visited the factory and different plants on March 24th alongwith the team of newspaper representatives sponsored by USIS, Bombay. No visit to the plant was arranged by us on March 31st. The Press Conference which was called on 31st March was held in the City.

The visit to the factory on March 24th was arranged on the request received from the Information Officer, USIS, Bombay and NOT

'for the purpose of publicising the achievement of the Trombay Unit during the year 1968-69.'

as is indicated in the first portion of para 7 of the letter."

"I would like to respectfully submit and report that it is totally inconceivable for me to have made any comment even remotely or indirectly commenting/reflecting on the Hon'ble Members of the Parliament. I have been working in the Public Sector Industry ever since I have left college in 1948 and continuously since then to date. I have had the privilege of meeting the Members of Parliament on many occasions in the past in Sindri, in Rourkela and in Trombay in connection with my duties. I had always held the Parliament and its Hon'ble Members in the highest esteem and the Parliament is the Supreme Body to which I, as a public servant, am ultimately accountable."

14. The hand-out containing background information given to the Press Correspondents by Dr. S. K. Mukherjee, is at Annexure VII to Appendix III. Dr. S. K. Mukherjee has, however, stated in his written statement that no written record of the proceedings of the Press Conference held by him on the 31st March, 1969 was kept.

15. The Committee examined on oath, Shri G. M. Laud, Editor, *Financial Express*. During his evidence, Shri Laud stated that he, as editor of the newspaper, took full responsibility for the impugned article written by his Industrial Correspondent and added that it was not his intention or of the Industrial Correspondent concerned to cast any aspersions on the Committee on Public Undertakings. When the Committee pointed out to the witness the objectionable passages in the impugned article published in the *Financial Express*, he expressed his sincere regret for the lapse and tendered his unqualified apology. He then submitted to the Committee the following written statement which he undertook to publish<sup>7</sup> in the *Financial Express*, Bombay:

"It has been pointed out by the Committee of Privileges to me that the following passages occurring in the article entitled 'Success Story of Trombay Fertiliser' by our Industrial Correspondent published in the *Financial Express*, Bombay, dated the 1st April, 1969, cast aspersions on a Parliamentary Committee, and, therefore, constitute a breach of privilege and contempt of the House:

- (i) 'A senior official of the plant told this correspondent during a recent visit that COPU must have been confused about the various foreign contractors in the plant.'

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<sup>7</sup>. This was published in the *Financial Express*, Bombay, dated the 23rd July, 1969.

- (ii) 'But many in the plant felt disgusted at the ill-timed report of COPU which to quote one 'brought back the dirty linen for a second wash in the public.'
- (iii) 'It is to be hoped that the COPU report would turn out to be nothing more than kindling the dead fire.'

It was not the intention of our Industrial Correspondent or of the Editor to cast any aspersions on the Committee on Public Undertakings of Parliament. I express my sincere regret for this lapse and tender my unqualified apology."

16. The Committee feel that in view of the unqualified apology tendered by the Editor, *Financial Express*, Bombay, no further action need be taken against the Editor or the concerned Industrial Correspondent of the newspaper.

17. The Committee are satisfied that the officers of the Trombay Unit of the Fertilizer Corporation of India had no hand in the publication of the impugned article.

#### IV. RECOMMENDATION OF THE COMMITTEE

18. The Committee recommend that no further action be taken by the House in the matter.

R. K. KHADILKAR,  
Chairman,  
Committee of Privileges.

NEW DELHI;

The 4th August, 1969.

## **MINUTES**

### **I**

#### **First Sitting**

*New Delhi, Wednesday, the 7th May, 1969.*

The Committee met from 16.00 to 16.40 hours.

#### **PRESENT**

##### **CHAIRMAN**

Shri R. K. Khadilkar

##### **MEMBERS**

2. Shri N. C. Chatterjee
3. Shri Surendranath Dwivedy
4. Shri Shri Chand Goyal
5. Shri Hem Raj
6. Shri Thandavan Kiruttinan
7. Shri Raja Venkatappa Naik
8. Shri G. L. Nanda
9. Shri K. Narayana Rao.

#### **SECRETARIAT**

Shri J. R. Kapur—*Under Secretary.*

2. The Committee considered the question of privilege raised by Shri George Fernandes, M.P., in the House on the 11th April, 1969 and referred to the Committee by the House on the 16th April, 1969 in respect of the article entitled "Success Story of Trombay Fertilizer" published in the *Financial Express*, Bombay, dated the 1st April, 1969. The Committee directed that, in the first instance, the Editor of the newspaper, and the concerned Industrial Correspondent, who was the author of the impugned article, be asked to state for the consideration of the Committee what they might have to state on the matter, by the 25th May, 1969. The Committee also authorised the Chairman to decide, after the receipt of the explanations from the Editor and the concerned Industrial Correspondent, whether they or any of them be called to appear before the Committee and, if so, to direct their appearance before the Committee. The Committee further authorised the Chairman to call for the explanations of any

of the officials concerned, if so considered necessary by the Chairman in the light of the explanations submitted by the Editor and the concerned Industrial Correspondent.

\* \* \* \* \*

6. The Committee decided to meet again to consider all these cases on Monday, the 30th June, 1959 at 9.00 hours and, if necessary, also to meet on Tuesday, the 1st July, 1969.

*The Committee then adjourned.*

## II

### Second Sitting

*New Delhi, Wednesday, the 16th July, 1969.*

The Committee met from 10.30 to 12.15 hours.

#### PRESENT

##### CHAIRMAN

Shri R. K. Khadilkar

##### MEMBERS

2. Shri N. C. Chatterjee
3. Shri Surendranath Dwivedy
4. Shri Shri Chand Goyal
5. Shri Hem Raj
6. Shri Thandavan Kiruttinan
7. Shri H. N. Mukerjee
8. Shri Raja Venkatappa Naik
9. Chaudhuri Randhir Singh.

#### SECRETARIAT

Shri B. K. Mukherjee—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

#### WITNESS

Shri G. M. Laud, Editor, *Financial Express, Bombay.*

\* \* \* \* \*

3. The Committee took up consideration of the question of privilege raised by Shri George Fernandes, M.P., in respect of the article entitled, "Success Story of Trombay Fertilizer" published in the *Financial Express*, Bombay, dated the 1st April, 1969.

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\* 1\*\*Paras 3—5 relate to other cases and will be included in the Minutes of the relevant Reports.



(Shri G. M. Laud, Editor, *Financial Express*, Bombay, was called in and examined on oath).

Shri G. M. Laud submitted to the Committee the following written statement and promised to publish the same in his newspaper soon after his return to Bombay:

"It has been pointed out by the Committee of Privileges to me that the following passages occurring in the article entitled, 'Success Story of Trombay Fertilizer' by our Industrial Correspondent published in the *Financial Express*, Bombay, dated the 1st April, 1969, cast aspersions on a Parliamentary Committee and, therefore, constitute a breach of privilege and contempt of the House:

- (i) 'A senior official of the plant told this correspondent during a recent visit that COPU must have been confused about the various foreign contractors in the plant.'
- (ii) 'But many in the plant felt disgusted at the ill-timed report of COPU which to quote one "brought back the dirty linen for a second wash in the public".'
- (iii) 'It is to be hoped that the COPU report would turn out to be nothing more than kindling the dead fire.'

2. It was not the intention of our Industrial Correspondent or of the Editor to cast any aspersions on the Committee on Public Undertakings of Parliament. I express my sincere regret for this lapse and tender my unqualified apology."

The Committee decided to consider their draft report on this matter after the apology tendered by Shri G. M. Laud was published in the *Financial Express*, Bombay.

*(The witness then withdrew)*

\* \* \* \* \*

The Committee decided to meet again on Thursday, the 17th July, 1969, at 11-30 hours.

*The Committee then adjourned.*

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\*\*\*Paras. 2, 4 & 5 relate to other cases and will be included in the Minutes of the relevant Reports.

### III

#### Third Sitting

New Delhi, Monday, the 4th August, 1969.

The Committee met from 16.00 to 16.50 hours.

#### PRESENT

#### CHAIRMAN

Shri R. K. Khadilkar

#### MEMBERS

2. Shri Rajendranath Barua
3. Shri N. C. Chatterjee
4. Shri Shri Chand Goyal
5. Shri Hem Raj
6. Shri H. N. Mukerjee
7. Shri Raja Venkatappa Naik
8. Shri G. L. Nanda
9. Shri P. Ramamurti

#### SPECIAL INVITEE

Shri Anand Narain Mulla

#### SECRETARIAT

Shri B. K. Mukherjee—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

2. The Committee considered their draft Seventh Report and adopted it.

3. The Committee decided that, in view of the written apology tendered by the Editor of the *Financial Express*, Bombay, it was not necessary to append to the Report the oral evidence given by him before the Committee.

4. The Committee authorised Shri H. N. Mukerjee and, in his absence, Shri Rajendranath Barua, to present their Seventh Report to the House on the 8th August, 1969.

\* \* \* \* \*

(The Committee then adjourned.)

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\* \*\*Para 5 relates to another case and will be included in the Minutes of the relevant Report.

## **APPENDICES**

### **APPENDIX I**

*(See para 1 of the Report)*

*Article published in the Financial Express dated the 1st April, 1969.*

#### **U.S. Aid in Action-I**

#### **SUCCESS STORY OF TROMBAY FERTILISER**

*By*

**OUR INDUSTRIAL CORRESPONDENT**

India has received over Rs. 6,750 crores from the United States in various forms—grants and loans repayable either in rupees or in dollars or both. The U.S. has provided more aid than all other countries assisting India put together with a view to helping India become economically self-sufficient. This includes both authorised aid and utilised aid.

Trombay unit of the Fertiliser Corporation of India (FCI) presents itself as a "test case of" U.S. development aid. Indeed the Trombay case can be regarded as a test case within the meaning of a laboratory experiment. I take Trombay as the test case not because it has had a controversial past, neither for the recent report of the Committee of Public Undertakings (COPU) nor because Fertiliser Corporation of India has lost its case against the Chemical Construction Corporation of U.S. and certainly not because, Trombay has at last turned the corner revealing profits for the first time in its none-too glorious a history.

Trombay, I contend presents the picture of a project the realisation of which was endangered but not frustrated by numerous obstacles. Apparently, every hurdle has turned out to be a level enabling all the participants—the two Governments and the two firms—to clear themselves out of the muddle they had intentionally or otherwise fallen. Under different circumstances, one might argue, much of mud-slinging could have been avoided.

However, the facts of the Trombay case make it clear how essential but difficult it is to find a form of efficient co-operation between a helping industrialised country and an emergent developing country. Moreover, Trombay shows what harm can be done by even a

slip on a participant's part and at the same time how cautiously the Governments must proceed.

Visualised as early as 1955, not much work on Trombay was done until the Dr. Nagarajarao Committee submitted its report, on the suggestions made by the Nangal Fertilisers and Chemicals, three years hence. But then the project took shape fast—the Union Government accepting the report within three months and USAID sanctioning the loan to cover the foreign exchange cost. The first contract was awarded towards the end of June 1961 and the ground was dug before the next nine months passed. All was set to turn this Rs. 50-crore plant into a true symbol of Indo-American collaboration.

### Rated Capacity

Given the cool thinking the Trombay unit deserves, it is apparent that much of the controversies that came up between 1965 (when the ammonia plant went on stream) and 1967 were misguided—often triggered either by clash of personalities or based on misinformation. Take for instance, the allegation about Chemicos—the main contractors for the fertiliser plant—being inexperienced. A senior official of the plant told this correspondent during a recent visit that COPU must have been confused about the various foreign contractors in the plant. When the contract was signed in 1962, Chemicos were undoubtedly in the lead.

All the talks about the inability of this giant unit to produce to its rated capacities have proved wrong. Dr. S. K. Mukherji the plant's present General Manager, was confident that the plant would exceed rated capacity production during the year 1969-70. Ammonia plant, which faced bitterest of the criticism produced 77,820 tonnes during the year ending March 31, 1969—more than 30 per cent increase over the production two years ago. The urea production too has registered a similar increase in the same period. No plant which was condemned for design deficiencies two years ago can turn out miracles unless the criticisms were unjustified.

But the storm the plant faced has been a blessing in disguise. It has set Dr. Mukherji and his team on a path with enhanced speed to earn back the lost reputation. Already the plant has produced adequate fertilisers and methanol equivalent to the foreign exchange cost of the capital plant and equipment. The plant has produced over 190,000 tonnes of plant nutrients so far helping the country grow additional two million tonnes of foodgrains.

## High Costs

But one complaint remains. That pertains to the high capital costs. Indeed Dr. S. K. Mukherji went to the extent of saying that unless the plant was expanded four-fold, the unit as a whole could not balance the high fixed costs. A Rs. 60-crore project for expansion is already on the anvil.

If anything, the high capital costs are due to numerous interlocking devices incorporated to meet various alternatives that are prone to be visualised more by bureaucrats than by the technical men on the spot. What is to be appreciated however is Trombay has come to prove its worth now. It has been realised that it takes two to shake hands. Also, it needs to be pointed out that fortunately the ill-informed criticisms against Trombay have not affected the confidence of the Indian technicians in the U.S. technology.

Asked why Trombay should look again to the U.S. in its proposed expansion plant, Dr. Mukherji said: "U.S. is in the forefront in fertiliser technology—so far ahead of others that it would be foolish to shirk them." His stand sounded practical when he said: "We will learn from our experiences."

Now about the future. Trombay will undoubtedly become the show piece of Indo-U.S. economic co-operation. When fully expanded, the plant with a capacity of over 675,000 tonnes will help increase production by over seven million tonnes—enough to feed 42 million people or almost the entire population of Maharashtra. The expansion scheme includes a 1,000-tonne per day ammonia plant—India's largest—using the latest in technology.

While these are long-term projects, the plant has already undertaken a series of short-term diversification measures to increase its profitability. In the first phase, the plant undertook the manufacture of industrial chemicals. Last year, two carbondioxide derivatives—recovered from waste carbon dioxide liquid carbon dioxide and ammonium bicarbonate were introduced in the market. A 2000-tonne per year carbon black plant, and a 20,000-tonne per year concentrated nitric acid plant are under construction. Contract for the construction of a 4000-tonne methylamine plant is to be awarded shortly. All these three units are being designed by FCI and even the know-how for the first two were developed at FCI.

On the positive side, the Trombay unit has certainly two more things to its credit—its facilities for training and its marketing programme. A systematic marketing plan has been put into action and fertiliser promotion, extension service and distribution facilities are

being developed extensively. The unit has also started a free soil testing service, which has become popular among the farmers. The success of the marketing scheme is clearly visible from the fact that in spite of the fertiliser market switching over from one of sellers' into buyers' last year, the Trombay unit has pending orders to its credit.

### **Training**

The simulation system of training has proved a boon and has helped the plant meet the challenge arising from the constant exodus of trained personnel. To cap it all, the once heavily criticised plant has now taken to the field of exports too. Last year, Trombay exported ammonium bicarbonate and methanol to Kuwait and the U.A.R. The plant has orders worth over Rs. 10 lakhs and the drive is on to grab a greater share in the export market.

The turn in the tide for the Trombay unit has come not a day too soon. But many in the plant felt disgusted at the ill-timed report of COPU which to quote one "brought back the dirty linen for a second wash in the public." Trombay has taken two years to bring out its true image. True, it can face the storm now. It is to be hoped that the COPU report would turn out to be nothing more than kindling the dead fire.

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## APPENDIX II

(See para 10 of the Report)

EXPLANATION SUBMITTED BY THE EDITOR, *Financial Express*, BOMBAY

### THE FINANCIAL EXPRESS

PROPRIETORS: INDIAN EXPRESS NEWSPAPER (BOMBAY)

PVT. LTD.

(Newspaper House, Sassoon Dock, Colaba, Bombay-5)

Post Box No. G.P.O. 867.

BOMBAY

Registered with A/D.

May 22, 1969.

Shri M. C. Chawla,  
Deputy Secretary,  
Lok Sabha Secretariat,  
NEW DELHI.

SUB:—*Question of privilege raised by Shri George Fernandes, M.P., in respect of an Article entitled "Success Story of Trombay Fertiliser" published in the Financial Express dated 1st April, 1969.*

Dear Sir,

I have received your letter No. 18/2/CI/69, dated May 7, 1969 with its enclosures.

I have perused the enclosures forwarded with your letter. As requested therein, I am submitting the following for the consideration of the Committee of Privileges.

At the outset, I should like to say that by the Article in the *Financial Express*, there was no intention to cast any aspersion or reflection on the Honourable Members of the Committee on the Public Undertakings. The Article, in question, is a result of study made by our Industrial Correspondent on his two visits to the Trombay plant and of the relevant papers on the subject. Our Industrial Correspondent visited the plant twice—on March 24 and March 31, 1969.

On the first visit, there were a number of other Correspondents and Members of USIS. The group visited the different plants and had informal discussions with the Officers during the course of inspection as also during the lunch to which the group was entertained. The General Manager also participated in the discussion. The General Manager also held a Press Conference on March 31, 1969 and also issued a handout. There was also discussion at the Press Conference when the General Manager was put various questions by the Press Correspondents to which he replied. Our Industrial Correspondent had also considerable other material on the problems of Trombay plant. The Article written by him is a result of his study and reflects his views *bonafide* held by him and expressed by him in public interest. I am particularly asked by our Industrial Correspondent to convey to the Hon'ble Members of the Privileges Committee that he had not the remotest intention to cast any aspersions or reflections on the Hon'ble Members of the Committee on Public Undertakings. It will not be proper for me to disclose the name of our Industrial Correspondent as requested by you. I, as Editor, take the responsibility for the publication of the Article.

I wish to submit that the Article is a fair comment and permissible and legitimate criticism, what little it is, of the 26th Report of the Committee on Public Undertakings. I submit, with respect, that the Article is a legitimate exercise of the fundamental right of Freedom of Speech and Expression and it, in no way, committed any breach of privilege such as would be incurred by a libellous reflection on Members of the Lok Sabha or any of its Committees or by any gross or wilful misrepresentation of the proceedings of the House or of Speeches of its Members. I submit that there is no breach of privilege in the publication of the Article.

It has been suggested in the Speech of Shri George Fernandes that the Article was written in collaboration with the Officers of the Trombay plant and it is suggested that it was an inspired Article. I wish to state that the allegation is unfounded. It is true that our Industrial Correspondent had discussion with some of the Officers of the Trombay plant and he also attended the Press Conference held by the General Manager and the Article is a result of such discussion and the information he gathered as a result thereof. Press Correspondents do not take written or signed statements of the discussion they have. Such discussions are informal and it would be unfortunate, if *bonafides* of the Press Correspondents are to be questioned because what they write in public interests, is somewhat inconvenient to some of those concerned. There is room for honest difference of opinion but that would not be a ground for attributing motives or questioning the *bonafides* of the Press Correspondent.



The visit to the factory on March 24, 1969 was arranged and the Press Conference was held, expressly for the purpose of publicising the achievement of the Trombay Unit during the year 1968-69. Undoubtedly, there has been a good deal of errors and unfortunate events in the past so far as this plant is concerned. But there is nothing wrong if a Press Correspondent puts out its success story, particularly when after many trials and errors, the plant has turned the corner and for the first time could declare profit of Rs. 53 lakhs. That would be a matter of legitimate pride for a public undertaking of this magnitude and it was but fit and proper that the public should be informed of the success of the plant in the year 1968-69 and its better future prospects. This Article was not intended in any manner to shield those who were considered guilty of past misconduct or in any manner, to interfere with the suggestions which were made by the Committee on Public Undertakings for further inquiry or for further steps for past wrongs.

The handout given at the Press Conference and the statements made by the General Manager show that the plant would exceed its rated production capacity during the year 1969-70. The figures given in the handout and at the Press Conference by the General Manager also show that the Ammonia plant which faced the bitterest criticism, had production more than 30 per cent over the production two years ago. According to the handout, the production of the Ammonia plant in 1966-67 was 57,855 tons and in the year 1968-69, it was 77,820 tons, which is about 30 per cent more than the production in 1966-67. The General Manager also stated at the Press Conference that full production, about 90-95 per cent, would be achieved in 1969-70 and it would exceed the rated capacity in 1970-71.

Our Industrial Correspondent feels that at a time when such a large Public Undertaking had achieved such success, only a *post mortem* of the past, without giving the picture of the present and future, may be misleading and his intention in writing the Article was only to acquaint the public with the present position of the plant, notwithstanding past difficulties and misdeeds, if any.

I submit that there has been no breach of privilege. I again wish to assure the Honourable Members of the Committee of Privileges that we have no intention to cast any aspersions on the Hon'ble Members of the Committee on Public Undertakings.

Thanking you,

Yours faithfully,  
Sd/-

(G. M. Laud)  
EDITOR.

### APPENDIX III

(See para 13 of the Report)

WRITTEN STATEMENT SUBMITTED BY DR. S. K. MUKHERJI, GENERAL  
MANAGER, FERTILISER CORPORATION OF INDIA, TROMBAY UNIT, BOMBAY.

**Confidential**

GENERAL MANAGER

AS/COPU/69.

THE FERTILIZER CORPORATION OF INDIA LTD.

TROMBAY UNIT

BOMBAY-74 AS.

13th June, 1969.

Shri B. K. Mukherjee,  
Dy. Secretary,  
Lok Sabha Secretariat,  
NEW DELHI.

SUB:--*Question of privilege raised by Shri George Fernandes, M.P.  
in respect of an article entitled "Success Story of Trombay  
Fertilizer" published in the Financial Express dated the 1st  
April, 1969*

Sir,

1. Please refer to your confidential letter No. 18/2/CI/69, dated May 31, 1969 on the above subject.

2. I have gone through the enclosures forwarded by you along with the letter referred to above. As desired by the Chairman of the Committee of Privileges of Lok Sabha I respectfully submit below my comments on the article entitled "Success Story of Trombay Fertilizer" published in the *Financial Express* dated 1st April 1969.

#### 3. Background:

3.1 I received a letter dated February 12 on February 15 from the Information Officer, USIS, Bombay, requesting for our consent to the visit of a party comprising of 24 Journalists representing major Indian Newspapers, 4 American Officials and 2 Indian Members of USIS Staff (Copy enclosed at Annexure I). I readily agreed

and my Public Relations Officer replied to them on February 16 (Annexure II). The Information Officer, USIS, acknowledged our letter and desired some background material on Trombay (Annexure III). A printed brochure and a note was sent by Public Relations Officer under cover of his letter of February 23, 1969 (Annexure IV). On March 7, the Information Officer, USIS, intimated the plans of the tour on March 24 and provided the names and particulars of the 26 Journalists, 5 American Officials and 5 Indian Members that would visit Trombay Factory. A copy of this is at Annexure V.

3.2 Mr. D. P. Khanna of USIS, Bombay led the party on March 24 and was received by the Public Relations Officer at 11 A.M. at the Administrative Building of the Trombay Unit. The party was taken first to Training Centre by the Public Relations Officer (Mr. Katkar). The Superintendent (Training) (Mr. Mukhopadhyay) and Training Officer (Mr. Pandit) explained them with the help of charts the training programme and the activities of the Training Institute.

3.3 Thereafter the party was divided into two groups for the Plant visit—one under the charge of Shri Shastri (Plant Manager—Chemical Engineer) and the other under the charge of Shri U. G. S. Rao (Project Engineer—Chemical). The two parties visited the Ammonia, Urea, Nitrophosphate and the Bagging Plants.

3.4 After the Plant visit, the two parties assembled in the Soil Testing Laboratory where they were again met by the Public Relations Officer. As they were running behind schedule, they requested if they could meet the General Manager. The Public Relations Officer agreed that he would find out the convenience of the General Manager. After consulting me, he brought the group to the Conference Room, where light refreshments were served.

3.5 I met the group and treated them with all courtesies. I was with the group for about 15 minutes. The following Officers of the Trombay Unit were also present in the meeting:

- (1) Chief Finance & Accounts Officer (Mr. Vachharajani).
- (2) Chief Agronomist (Mr. Dahiphale).
- (3) Fertilizer Promotion Officer (Dr. Bhaid).
- (4) Chief Soil Chemist (Dr. Mutatkar).
- (5) Public Relations Officer (Mr. Katkar).

3.6 After about 15 minutes or so, the group was taken for lunch alongwith the Public Relations Officer. I did not attend the lunch as I had other prior engagement. Excepting C.F. & A.O. (Sl. No. 1) all others who were in the meeting in the Conference Room were also present in the lunch and additionally the following Officers:

- (1) Chief Industrial Engineer (Shri Duleep Singh).
- (2) Materials Manager (Mr. Nadkar).
- (3) Chief Executive Officer (Brig. Chatterji).

After the lunch, the party left at about 2.00 P.M.

3.7 On March 31, 1969 I had convened a Press Conference to provide information about our working results for the year 1968-69. About 18 persons attended and the list is at Annexure VI. They came at about 12-30 P.M. A Press handout was circulated to them (Annexure VII).

3.8 I arrived at the Conference at about 1-00 P.M. By this time the Correspondent had read the Press handout. Thereafter, I requested them to spend a few more minutes to read it and I invited them to raise questions thereafter.

3.9 In the Press Conference on March 31, 1969 the other Officers of Trombay Unit who attended are:—

- (1) Mr. M. S. N. Bhagavan, General Manager (Trombay Expansion).
- (2) Mr. N. M. Vachharajani, Chief Finance and Accounts Officer.
- (3) Mr. Duleep Singh, Chief Industrial Engineer.
- (4) Mr. A. R. Rajagopal, Chief Engineer (Maintenance).
- (5) Brig. N. K. Chatterji, Chief Executive Officer.
- (6) Mr. V. G. Nadkar, Materials Manager.
- (7) Dr. N. Joshi, Dy. Marketing Manager.
- (8) Mr. S. K. Sadasivam, Dy. Chief Accounts Officer.
- (9) Mr. C. Radhakrishnan, Cost Officer.
- (10) Mr. K. G. Katkar, Public Relations Officer.
- (11) Mr. G. P. Deshmukh, Asstt. Publicity Officer.

3.10 The Correspondents asked for a few clarifications on our Press handout (Annexure VII). No reference of any kind whatsoever was made in the Press Conference to the Committee on Public

Undertakings Report either by me or any of the Press Correspondents, nor even any observation remotely connected with the Report Thereafter, they had lunch which was also attended by the Officers mentioned above including myself.

3.11 After the lunch the party dispersed at about 2-15 P.M.

4. On April 1st, the Press generally carried the news. It appeared in *The Times of India*, *Economic Times*, *The Free Press Journal*, *The Indian Express*, *Financial Express* and local (Bombay) language papers.

4.1 I had read the English papers on the morning of April 1. I found that the Press had reported generally well on our Press Conference except in the *Financial Express*.

4.2 My reaction on reading the *Financial Express* reporting was sharp as a number of inaccuracies had crept into the report and the reporting appeared to be confused.

4.3 On the same day, on April 1, an one page advertisement issued by Chemico appeared in several Newspapers. (The advertisement appeared in *The Indian Express*, Bombay, on the 31st of March itself).

4.4 I did not proceed to issue a contradiction to the *Financial Express* report as I thought that the *Financial Express* report and the Chemico's advertisement would have to be dealt with in a comprehensive manner and after discussion with the Chairman and Managing Director in all its aspects. Accordingly, although earlier I had thought about issuing a contradiction, I gave up this approach. I had asked my Public Relations Officer and other officers to provide certain information to deal with both the Reports for sending a 'Note' to the Chairman and Managing Director.

4.5 I sent a message to the Chairman and Managing Director giving my comments on the advertisement and the *Financial Express* Report on April 6.

5.0 It might be noted that neither in the meeting of the Press representatives sponsored by USIS on March 24, 1969 nor in my Press Conference on March 31, 1969, the Committee on Public Undertakings Report, or any matter connected with this was discussed. On March 31, 1969 Press Conference, no reference of any kind to Committee on Public Undertakings Report whatsoever even remotely connected was made either by me or by any of the Correspondents. On March 24 meeting, only one Correspondent asked for my comments on newspaper report on Committee on Public Undertakings, but I had stated that the Parliamentary Committee's Report is a published

document, and I would not like to discuss the report. Thereafter no further discussion on this took place.

#### 6.0 *Comments on the Financial Express Report on "Success Story of Trombay Fertilizer"*.

There are several points in the report of the Industrial Correspondent of the *Financial Express* which require clarifications.

6.1 The important points in the report are being dealt with below:—

"Given the cool thinking the Trombay Unit deserves, it is apparent that much of the controversies that came up between 1965 (when the Ammonia Plant went on stream) and 1967 were misguided—often triggered either by clash of personalities or based on misinformation. Take for instance, the allegation about Chemico—the main Contractor for the Fertilizer Plant—being inexperienced. A senior official of the plant told this Correspondent during a recent visit that COPU must have been confused about the various foreign contractors in the plants. When the contract was signed in 1962 Chemico were undoubtedly in the lead."

The report of the Committee on Public Undertakings will show that nowhere has Chemico been labelled as inexperienced. It is the other parties namely Chemical and Industrial and Girdler who put up the Nitrophosphate and Methanol Plants who were inexperienced. The Trombay officials know this. I also generally checked with the various officials of the plant who had met the group on March 24 about any statement of the above type which they might have made. I was told that none of them have made such a statement.

To the best of my knowledge and information the statement indicated in the para above could not have been made by any of the officers. It is generally known amongst the Fertilizer Experts that Chemico is experienced in the field. Therefore, to mention "Chemico being inexperienced" is highly improbable. As stated earlier, a perusal of the Committee on Public Undertakings Report would also reveal that Committee on Public Undertakings has nowhere styled Chemico as "inexperienced". It is, therefore, also highly improbable that any official of the Trombay Unit could say that "Committee on Public Undertakings" must have been confused about the various foreign contractors in the plant. I myself obviously could never be confused this. I have appeared before the Committee of Public Undertakings and I am fully aware of the precise position.

It is common knowledge that in the Nitrophosphate Plant we have been let-down by the Contractors who could not meet the contractual obligations. We have stated in the past that we have been badly let-down by the contractors for the Nitrophosphate Plant viz., the Chemical and Industrial Corporation of U.S.A. It is not improbable that some officers might have made some comments about the Chemical and Industrial Inc. and their failure in the context of the visit to the Nitrophosphate Plant.

Chemical Construction Corporation i.e. Chemico and Chemical and Industrial Incorporated have probably been mixed up. In this context it is highly improbable that any of the officers could have made a comment that Committee on Public Undertakings must have been confused about the various foreign contractors.

6.2 The next point relates to:—

“All the talks about the inability of this giant unit to produce to its rated capacities have proved wrong. Dr. S. K. Mukherji, the Plant's present General Manager, was confident that the plant would exceed rated capacity production during the year 1969-70. Ammonia Plant, which faced bitterest of the criticism produced 77,820 tonnes during the year ending March 31, 1969—more than 30 per cent. increase over the production two years ago. The Urea production too has registered a similar increase in the same period. No plant which was condemned for design deficiencies two years ago can turn out miracles unless the criticisms were unjustified.”

I have not expressed anything either on March 24, 1969 or March 31, 1969 which would indicate my confidence to the Plant exceeding rated capacity production during the year 1969-70. I had stated in the meeting on March 24, 1969 that there have been deficiencies in the Plant. These deficiencies have been reviewed by Committees of experience Engineers of F.C.I. and also by American Experts from TVA. They have come more or less to the same conclusion about design deficiencies and have recommended number of steps.

These recommendations on corrective steps have been accepted by our Board and the necessary money allocated. A number of them have already been completed and gradually the deficiencies are being removed. As a result, production has gradually increased. It would, however, not attain full production until after the supplementary Gas supply facilities were completed.

I had given them in writing the production figures for three successive years i.e., 1966-67, 1967-68 and 1968-69 in my Press handout on March 31 (Annexure VII). I had also told them that I estimate

that this year (1969-70) the production would be 86,000 tonnes and in the following year i.e., 1970-71 perhaps 95 to 100 thousand tonnes and in 1971-72, 110 to 120 thousand tonnes. I had told them that the attainable capacity of the plant has been assessed but about 105 thousand tonnes and 95 thousand tonnes production could therefore be regarded as reaching nearly full production.

It would be seen that the *Times of India*, Bombay and the *Economic Times* of Bombay both of them of 1st April 1969 have mentioned more or less these figures.

The figure 77,820 tonnes during the year ending March 31st, 1969 is more or less correct which two years ago i.e., in 1966-67 was 57,855 (Annexure VII). Thus there has been an increase of about 20,000 tonnes which is roughly 30 per cent.

The Urea production figure for the last three years similarly were given to the correspondents in writing on March 31 (*vide* Annexure VII) and Urea production has also registered increase from 53,188 tonnes to 68,520 tonnes which has also registered more or less the same percentage of increase.

The important point to note is that I had clearly told them that this gradual increase in production has only been achieved due to systematic studies of the Export Committee and systematic corrective action that has been taken on the deficiencies.

### 6.3 The third point relates to the para—

"Asked why Trombay should look again to the U.S. in its proposed Expansion Plans, Dr. Mukherjee said "U.S. is in the forefront in Fertilizer Technology—so far ahead of others that it would be foolish to shirk them." His stand sounder practical when he said "We will learn from our experience."

I have made the statement on March 24th Meeting that U.S.A. is in the forefront in Fertilizer Technology and it would be foolish not to have this Technology for us. I did not use the word "Shirk". I have emphasised on superiority of the Fertilizer Technology in U.S.A. but not necessarily that of Chemico. I have also stated that we had learnt from our experience from existing Trombay and that in the Expansion Project we would be benefited by that experience..

### 6.4 The next point relates to the para—

"The turn in the tide for the Trombay Unit has come not a day too soon. But many in the plant felt disgusted at the ill-timed report of Committee on Public Undertakings which to quote one "brought back the dirty linen for a second wash in the public". Trombay has taken two years to bring out its



true image. True, it can face the storm now. It is to be hoped that the Committee on Public Undertakings Report would turn out to be nothing more than kindling the dead fire."

I emphatically and categorically deny that I have made any such statement any time of "ill-timed report of Committee on Public Undertakings" or "brought back the dirty linen for a second wash in the public". I had also stated nothing which could even remotely indicate that "Committee on Public Undertakings Report would turn out to be nothing more than kindling the dead fire".

I have made discreet enquiries from my various officers and I am told that none of them said anything criticising Committee on Public Undertakings. As far as my enquiries go, no officer talked of "dirty linen for a second wash in the public". As far as the last sentence of this paragraph is concerned, my enquiries from various officers indicate that none have expressed any such opinion.

6.5 The next point relates to the para—

"A perusal of the entire article leaves no room for doubt that the Industrial Correspondent of the Financial Express had the active collaboration of the General Manager and other officers of the Trombay Unit while writing this article."

The events that led to the report in the *Financial Express* have been stated earlier in sequence. The Press Party under the sponsorship of USIS visited us on March 24th, 1969. They desired to meet me and I had agreed to that. I could not have refused to meet them. Having met them, they asked a few questions which I had replied on the lines indicated above and treated the Press with all courtesies. This was on March 24.

6.6 In the Press Conference on March 31st, no reference of any kind connected with the Report of the Parliamentary Committee was made by any Correspondent present. I did not make any comment on this and as there was no question on this, there has been no occasion even to mention about this report. The reports in newspapers other than *Financial Express* on my Press Conference as appeared on April 1 would clearly support this.

6.7 In between March 24 and March 31, I have had no discussion with any one of the Press representatives.

6.8 My views about Chemico are well known amongst official circles. These have been clear and consistent and it would indeed be totally incongruous with the report of the Industrial Correspondent

of *Financial Express* of April 1. Under the circumstances, the following comment would be very unfair:

"The Industrial Correspondent of the *Financial Express* had the active collaboration of the General Manager and other Officers of the Trombay Unit while writing this article."

6.9 As stated earlier, in the Press Conference of March 31, there had been no mention of any kind whatsoever of the Report of the Committee on Public Undertakings.

6.10 On March 24th meeting, there had been only one comment made drawing my attention to the Press Report which appeared on March 13th on the report of the Committee on Public Undertakings. At that time I had categorically and emphatically stated that the report is a published document and I would not like to discuss on the report. Thereafter, this was not pursued and no further discussion took place.

6.11 It is totally inconceivable that either myself or any of the senior responsible officers would have made any comment even remotely or indirectly commenting/reflecting on the Committee on Public Undertakings report or on the Hon'ble Members of the Parliament. I hold the Parliament and its Hon'ble Members in the highest esteem and the Parliament as the Supreme body to which I as a Public Sector servant am ultimately accountable.

6.12 There is one other point which might be mentioned here as background information.

6.13 This relates to our relationship with Chemico in the recent months. We have sued Chemico in the Bombay High Court against their unilateral action against taxation matter relating to the Trombay contract. FCI have also made it clear to the U.S.A.I.D. that FCI would not like Chemico's participation in the Trombay Expansion. Chemico on the other hand have taken the initiative and have issued a full page advertisement in all important Indian Newspapers.

6.14 It may also be mentioned for background information that the Chemico advertisement appeared first in the *Indian Express* (an associate of *Financial Express*) on 31st March. Apart from the report of the *Financial Express* on April 1, no other papers have to the best of my knowledge—reported anything relating to the Committee on Public Undertakings Report that have been reported in the *Financial Express* although there had been Correspondents from many newspapers from all-over India on the March 24th meeting (Annexure V) and the Bombay Correspondents on the March 31st Press Conference.

7. I would like to submit the following comments on the letter of the Editor of the *Financial Express*, Bombay which you have enclosed and on which you have asked for my comments.

7.1 On perusal of the reply forwarded by the Editor, *Financial Express*, Bombay on the above article I have to observe as follows:

The Editor had mentioned in the third para of his letter—

“The Article in question, is a result of study made by our Industrial Correspondent on his two visits to Trombay Plant and of the relevant papers on the subject. Our Industrial Correspondent visited the Plant twice on March 24 and March 31st, 1969”.

7.2 The Industrial Correspondent of the *Financial Express* visited the factory and different plants on March 24th alongwith the team of newspaper representatives sponsored by USIS, Bombay. No visit to the plant was arranged by us on March 31st. The Press Conference which was called on 31st March was held in the City.

7.3 The visit to the factory on March 24th was arranged on the request received from the Information Officer. USIS, Bombay and NOT

“for the purpose of publicising the achievement of the Trombay Unit during the year 1968-69.”

as is indicated in the first portion of para. 7 of the letter. The sequence of events leading to the visit of the USIS party has been outlined in para 3.1. USIS letter (Annexure I) never suggested that the purpose is to “publicise the achievement of the Trombay Fertilizer” during 1968-69.

7.4 Para. 8 of the letter states that—

“the handout given at the Press Conference and the statements made by the General Manager show that the plant would exceed its rated production capacity during the year 1969-70.”

7.5 The conclusion drawn by the Editor is erroneous. I have not expressed anything either on March 24th or March 31st which would indicate my confidence to the plant exceeding rated capacity production during the year 1969-70. I had given the press on March 31st in writing the production figures for three successive years.

To quote—

Year	Ammonia	Urea	Figures in Tonnes	
			Complex Fert. NP/ NPK in terms of 20:20:0	Methanol
1965-66 .	12,274	8,064	11,184	Nil
1966-67 .	57,855	53,188	51,194	2586
1967-68 . . . . .	65,958	57,436	86,859	9620
1968-69 . . . . .	77,820	68,520	1,10,000	17380

7.6 I have also told them and given in my handout that—

“the Ammonia and Methanol Plant would attain full capacity after the supplementary gas facilities are completed.”

I informed them that I estimate that during the year 1969-70 the production would be 86,000 tonnes and in this following year i.e. 1970-71 perhaps 95 to 100 thousand tonnes and in 1971-72, 100 to 120 thousand tonnes. I had told them that the attainable capacity of the plant has been assessed at about 105 thousand tonnes and 95 thousand tonnes production could therefore be regarded as reaching nearly full production.

7.7 It would be seen that the *Times of India*, Bombay, *Economic Times*, Bombay both of them of 1st April, 1969 have mentioned more or less these figures.

To quote—*Times of India* 1st April, 1969—

“The Ammonia Plant, the key plant in the Complex and the Methanol Plant would attain full capacity after the supplementary gas supply facilities were completed. The Ammonia Plant was expected to produce 90 to 95 thousand tonnes (nearly full production) next year (\*) and 1,10,000 to 1,20,000 tonnes the year after. The production in 1968-69 was 77,820 tonnes.”

7.8 To quote *Economic Times*—

“Dr. Mukherjee said that the production capacity of the Unit would go up to 95,000 tonnes next year (\*), and it would reach the full rated capacity of about 1,20,000 tonnes the following year. The Ammonia and Methanol plants would attain full capacity after the supplementary gas supply facilities were completed.”

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(\*) i.e. in the year 1970-71

8.0 I enclose(\*\*) clippings of the following Press reports on the Press Conference of 31st March, 1969:

- (1) Free Press Journal, Bombay
- (2) The Maharashtra Times, Bombay
- (3) The Lok Satta, Bombay
- (4) The Times of India, Bombay
- (5) The Economic Times, Bombay
- (6) The Indian Express, Bombay
- (7) The Hindustan Standard, Calcutta
- (8) Tribune, Ambala
- (9) Navhind, Times, Goa
- (10) Anand Bazar Patrika, Calcutta.

It may be noted that apart from *Financial Express*, none of the papers have made any reference of any kind whatsoever of the report of the Committee on Public Undertakings.

9. 25 copies of the handout issued to the Press on March 31 are enclosed as desired. A well prepared handout was issued to the Press in the Press Conference of March 31. The Correspondents asked for a few clarifications on the Press handouts and to other proceedings were kept.

10. I would like to respectfully submit and report that it is totally inconceivable for me to have made any comment even remotely or indirectly commenting/reflecting on the Hon'ble Members of the Parliament. I have been working in the Public Sector Industry ever since I have left college in 1948 and continuously since then todate. I have had the privilege of meeting the Members of Parliament on many occasions in the past in Sindri, in Rourkela and in Trombay in connection with my duties. I had always held the Parliament and its Hon'ble Members in the highest esteem and the Parliament is the Supreme Body to which I, as a public servant, am ultimately accountable.

Yours faithfully,  
(Sd./-) DR, S. K. MUKHERJEE,  
General Manager.

Encl: as above

ANNEXURE I TO APPENDIX III  
(See para 3.1 of Appendix III)  
UNITED STATES INFORMATION SERVICE

4, NEW MARINE LINES  
BOMBAY-1.

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February 12, 1969.

Dr. S. Mukherjee,  
General Manager,  
Trombay Fertilizer Plant,  
Chembur,  
BOMBAY-70.

Dear Dr. Mukherjee,

We are tetatively planning to invite a group of journalists to visit the Agricultural Fair in Bombay in March, and would like to take this opportunity to have the group also tour your plant at that time.

The party of 30 would comprise 24 journalists representing major Indian newspapers, four American officials and two Indian members of our staff.

In addition to the Fair, the group would be interested in visiting a number of American aided projects in this area.

I will greatly appreciate your informing me if it would be convenient for you to have the group at your plant for a morning around the end of March.

With best regards,

Sincerely yours,  
(Sd./-) JAMES H. FELDMAN,  
Information Officer.

**ANNEXURE II TO APPENDIX III**

(See para. 3.1 of Appendix IV)

PR-16(a)/69.

February 18, 1969.

Mr. James H. Feldman,  
Information Officer,  
United States Information Service,  
4, New Marine Lines,  
BOMBAY-1.

Dear Sir,

Please refer to your letter dated February 12, 1969 addressed to Dr. S. K. Mukherjee, General Manager, Fertilizer Corporation of India Limited, Trombay Unit, Bombay.

The General Manager has informed me to communicate that he would be glad to receive a party of journalists to visit our plants in the morning on any day except Sunday around the end of March, as desired by you.

Would it be convenient for you to inform me the date of proposed visit in advance?

Thanking you,

Yours faithfully,  
(Sd./-) K. G. KATKAR,  
Public Relations Officer.

**ANNEXURE III to APPENDIX III**  
**(See para. 3.1 of Appendix III)**  
**UNITED STATES INFORMATION SERVICE**

4, New Marine Lines,  
BOMBAY-1.

February 20, 1969.

Mr. K. G. Katkar,  
Public Relations Officer,  
Trombay Fertilizer Plant,  
BOMBAY-74 AS.

Dear Mr. Katkar,

Thank you for your letter of February 18.

In reference to Mr. Khanna's talk with you on telephone this morning, your offer to host a lunch for the visiting group is deeply appreciated.

We tentatively plan to visit your factory the morning of March 24, and the party is likely to comprise 36 persons. As soon as our plans are firmed up, I will inform you of them and also furnish you a list of the participants.

Meanwhile, I would very much appreciate receiving a write up on your organisation and operations so that we may prepare a feature story for the visiting journalists.

Thank you once again.

Sincerely,  
(Sd./-) JAMES H. FELDMAN,  
Information Officer.



**ANNEXURE IV TO APPENDIX III**

**(See para. 3.1 of Appendix III)**

**PR-16(a)/69.**

**February 26, 1969.**

**Mr. James H. Feldman,  
Information Officer,  
United States Information Service,  
4, New Marine Lines,  
BOMBAY-1.**

**Dear Mr. Feldman,**

**Thank you for your letter dated February 20, 1969.**

**As desired by you I enclose herewith a write up of our Organisation.**

**As regards operation of the different plants etc. an upto date copy of the Booklet on 'Trombay' brought out by us is also enclosed.**

**I hope this would meet with your requirement.**

**Thanking you,**

**Yours faithfully,  
(Sd./-) K. G. KATKAR,  
Public Relations Officer.**

**Encl: as above.**

# THE FERTILIZER CORPORATION OF INDIA LIMITED

## How it Works

The history of Fertilizer Corporation of India starts with the Bengal famine in 1943 (which resulted in the death of half a million persons). The famine brought home the realisation of increasing food production by using chemical fertilizers. In 1944 the Government appointed a commission headed by Mr. G. S. Gowing of I.C.I. to investigate the possibility of manufacture of Ammonium Sulphate in the country and to recommend a site for the same. The Commission after examining various sites, recommended installation of a 35,00,000 tons/years plant of Ammonium sulphate at Sindri in Bihar. The site work started in 1947 and the factory went into full production in 1954.

It was soon realised, that one factory even of the magnitude of Sindri, cannot meet the ever increasing requirements of a vast country like India. Hence, in 1954 a fertilizer production committee was appointed headed by Shri B. C. Mukherjee, I.C.S. to investigate the most likely sites for new fertilizer factories. This committee recommended Nangal (Punjab), Neyuveli (Madras), Rourkela (Orissa), Trombay (Maharashtra) and a few more sites. Accordingly, Nangal (with production capacity of 80,000 tons of  $N_2$ /per year), Rourkela (with 1,20,000 tons of  $N_2$  /year), Trombay (with 90,000  $N_2$  /year and 42,500 tons of  $P_2 O_5$  /year), Gorakhpur (with 80,000 tons of  $N_2$  per year) and Namrup (with 45,000 tons of  $N_2$  /per year) have been already completed, while various other projects like Namrup expansion, Durgapur, Barauni, Trombay expansion and others are in various stages of completion.

Originally, Sindri and Nangal were independent Units, but it was soon realised by the government that there should be a centralised body to govern the activities of all these units and to plan them in the best interest of the nation. Accordingly, Fertilizer Corporation of India was formed in 1961, with its head office at New Delhi to regulate the activities of most of the fertilizer factories in public sector and also to take up design, research, planning etc. of new factories.

The F.C.I. is governed by the Company's Act of 1956. The Board of Directors are nominated by the government. Formerly, the Chairman of the Corporation was generally the secretary of the Ministry

in charge of the particular enterprise, but recently it has generally been accepted that the Managing Director of the Corporation should also be the Chairman of the Corporation.

The Directors are chosen from different fields so that interests of various sections are represented.

At present the corporation is functioning under the Ministry of Petroleum and Chemicals, Government of India.

The following principles are generally followed in the composition of Board of Directors :

- (1) Members of Parliament should not be appointed on the Board.
- (2) The Managing Director/Chairman should be a full time employee of the Corporation.
- (3) No secretary of any Ministry should be member of the Board.
- (4) One representative, of Finance Minister and one representative of the controlling Ministry should be on the Board.

The members of the Board of Directors are not paid any salary but an allowance sanctioned by the President of India from time to time is paid.

The responsibilities of the Directors are :—

- (1) To carry out corporate activities such as declaration of dividends, allocation of sums to reserves, execution of plans for development or reorganisation.
- (2) To ensure maximum protection of the funds entrusted to their care.
- (3) To effect a reasonable harmonisation of diverse interests of management, workers, consumers and government.
- (4) To report to the government and so to the Parliament about the working of the Corporation.

In financial matters, government approval is necessary for :

- (1) Undertaking any work of capital nature involving an expenditure of rupees four million or more.
- (2) For all matters regarding issue and allotment of share capital.

- (3) For appointment of any person in a post, maximum salary of which is Rs. 2,000/- and above per month.
- (4) For the disposal of profits.

The Managing Director exercises such powers as are given to him by the Board of Directors. As the Managing Director has to make quick decisions, he is given wide powers in staffing, recurring and non-recurring expenditures and writing; off the losses.

The Managing Director has various Advisors who extend expert advice to him in their particular fields. The various Advisors at present are :

- (1) Financial Advisor.
- (2) Industrial Relations Advisor.
- (3) Transportation Advisor.
- (4) Chief Training and Manpower Advisor.
- (5) Public Relations Advisor.
- (6) Marketing Advisor.

The Board of Directors meets at least once in three months and reviews the progress made by the company and decides the general policy matters. The Board is not saddled with day to day executive functions.

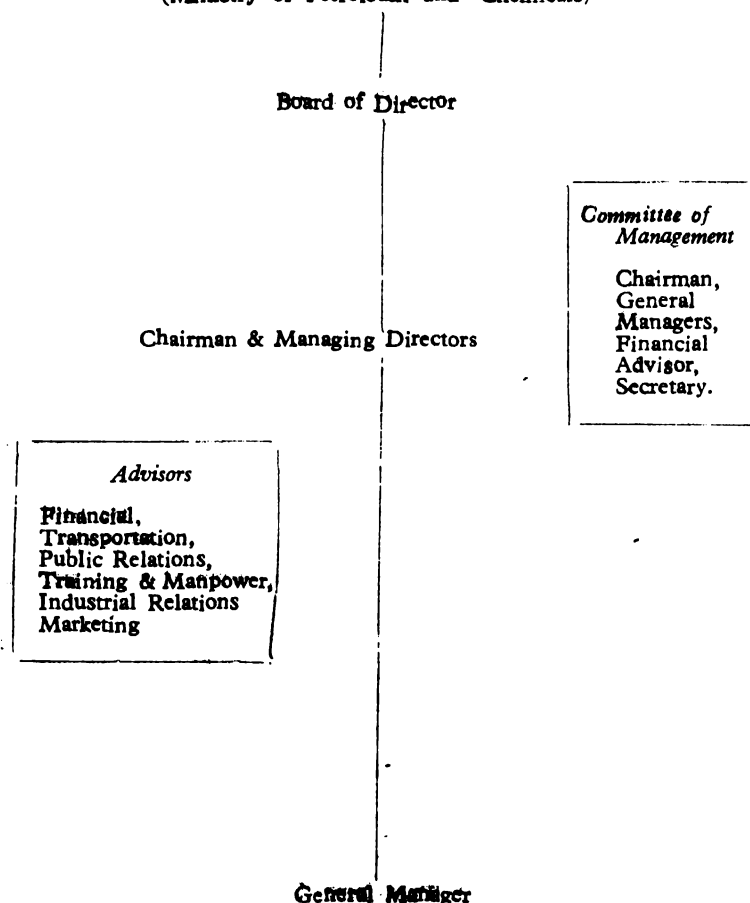
To carry out these functions, a Management Committee under the Chairmanship of Managing Director and comprising of the General Managers of all the Units of the Corporation and the Financial Advisor is formed. The Management Committee is expected to carry out the policies as framed by the Board of Directors.

The General Manager is the head of each Unit/Division. These are at present Sindri, Nangal, Trombay, Gorakhpur, Namrup, Durgapur and Planning and Development.

# THE FERTILIZER CORPORATION OF INDIA LIMITED

## GOVERNMENT OF INDIA

(Ministry of Petroleum and Chemicals)



The General Manager of each Unit has the following functions:—

(1) Production; (2) Maintenance of plants; (3) Financial Management; (4) Men Management; (5) Material Management; (6) Training; and (7) Marketing Management.

For each of these functions a separate Department is organized and the Head of each Department is responsible to the General Manager.

Similarly the Head of each Division is responsible for site preparation, provisions of men and materials, effective supervision of erection of plants, setting up of essential services and scheduled completion of the Project.

The principle sources of capital in F.C.I. are:—

- (1) Government shares, Loans and grants.
- (2) Loans from Banks and financial institutions (e.g. AID).
- (3) Ploughed back profits.

The authorised capital of F.C.I. is Rs. 75 crores. The following statement gives a brief idea about the Loans, ploughed back profits and share capital on 31st March 1967.

1. Paid up capital	5190.14 lakhs.
2. Loans from Govt. . . . .	4894.57 lakhs.
3. Loans from AID . . . . .	1797.26 lakhs.
4. Loan from State Bank . . . . .	705.54 lakhs.
5. Capital generated by revenue surplus and depreciation . . . . .	1105.59 lakhs.
6. Sundries . . . . .	607.11 lakhs.
	<hr/>
	14299.21 lakhs.

### *Trombay Units place in F.C.I.*

Trombay is the third Unit of F.C.I. to go into production. Its capacity in terms of nutrients is however the highest in all the Units. Moreover, once expansion programmes are complete in 1970-71, its capacity will far exceed that of other Units.

### ORGANIZATION STRUCTURE

The unit has been organised in four main divisions, namely:

1. Manufacturing Division.
2. Marketing and Field Services Divisions.
3. Project Division (Diversification).
4. Common Services Division.

Outlined below are brief descriptions of each department and inter departmental relationships:

**(1) *Manufacturing Division:***

The manufacturing division consists of:

- (a) Production Department.
- (b) Maintenance Department.

The characteristic feature of the present organization is partial integration of production, maintenance and Chemical Departments. The shift mechanical maintenance and Chemical analysis has been integrated with production in all plants. The emphasis is on increased co-ordination between activities of the two departments. The Safety and Fire services also work under Production Department for the same purpose.

**(2) *Marketing and Field Services:***

*Division*

The objectives of the marketing organization are three fold:

- (a) To market all fertilizers and industrial products.
- (b) To intensify extensive usage of fertilizers and to help farmers adopt improved agricultural practices.
- (c) To study and create markets and thereby increase the range of industrial and subsidiary products.

In addition to Trombay establishment, the department has set up area offices at Hyderabad, Bangalore and Nagpur to provide effective services to farmers in those areas. The department works in close co-operation with materials Department and Production Department.

**(3) *Projects Division:***

This division is responsible for planning, engineering and executing the diversification projects for industrial and subsidiary products and implementation of all modifications in the existing plants.

**(4) *Common Services Division:***

Grouped under this division are all the staff departments providing common services to the line. This includes:

- (a) Training.
- (b) Materials Management.
- (c) Industrial Engineering Department.

(d) Finance and Accounts Department.

(e) Personnel and Administrative Services Department.

**(a) Training Department:**

Training Department is geared not only to ensure adequate supply of trained personnel in all fields but also to provide opportunities for continued self-improvement and development of employees at all levels. The Unit works in close co-ordination with the production and maintenance Department. The activities of this Department are divided into three fields:

- (i) Apprentices training—for new entrants at operator/technician/supervisory and Junior Executive level.
- (ii) Staff training—for existing employees in the form of theoretical classes in the evening, upto the standard of degree course, various development courses for all categories of employees, etc.
- (iii) Training for outside organizations—this training not only includes the training facilities offered to other units of corporation but also to the educational institutes and other chemical factories.

**(b) Materials Management:**

Materials account for approximately Rs. 40 of the total cost of production. Thus it becomes most critical single item of our operations, in order to improve materials service an integrated materials organization has been established. Materials Management covers all activities pertaining to materials, namely purchasing, storage, transportation, packaging and despatching. Progressive concepts and techniques of materials management and inventory control are being used in the Unit.

**(c) Industrial Engineering Department:**

Industrial Engineering Department has been organized as a service group to the line and other staff groups. Its objective is to help improve overall productivity of the Unit. It also helps management adopt progressive managerial concepts and practices. Some of the areas of its activities are Material Management, Job Evaluation, Wage Incentive, Marketing and Distribution Systems, Man-power Studies, Methods Improvements and Rationalization. The areas planned to be developed are operations research, statistical quality control and computer Technology.



**(d) Finance and Accounts Department:**

The department is responsible for the sound financial management of the unit. The scope of activities of this department includes financial planning and Budgeting, Costing, Personnel Accounting, Materials Accounting, Maintenance Accounting and other related activities. An all out effort is underway to improve and streamline the various procedures. A significant development is adoption of Mechanised Data Processing.

**(e) Personnel and Administrative Services Department:**

(i) The department is responsible for a wide range of activities including selection and recruitment, evaluation and promotion, Welfare activities and Industrial and Public Relations, Estate, Security, Legal Affairs and Medical facilities; and modern techniques are used in all these activities.

(ii) Like all the other Unites, the General Manager is at the helm of the affairs. He has the following main functions:

Production, Maintenance of Plants, Financial Management, Material Management, Man Management, Marketing Management and Training.

For each of these functions a Department is organized and the Departmental Head is responsible to the General Manager.

## **"TROMBAY"**

### **THE FERTILIZER CORPORATION OF INDIA LIMITED TROMBAY UNIT**

At 3-00 P.M. on 15th October 1965, liquid ammonia started flowing through the pipelines at Trombay and the Trombay fertilizer factory went on stream. The nation crossed yet another milestone in its march towards self-sufficiency in food production.

Located at a distance of 16 miles from the Gateway of India, Trombay has already acquired what might be called, the romance of science in modern India and perhaps in the world. Trombay stands for the peaceful utilisation of the great forces of atomic power.

Yet another modern temple and a symbol of the determination of the Government and the people of India to revolutionise our agricultural economy, has started ringing its bells at Trombay. To the Maharashtra farmer in particular, it will mean a new and bountiful source of fertilizers.

The largest installation in a State particularly rich in industries, the Trombay factory is also one of the largest chemical plants in the country.

The Fertilizer Production Committee, in its report to the Government of India in June 1955 suggested, among other locations, Trombay as one of the sites for the location of a fertilizer factory. This was followed by an Interim Report, submitted by the Nangal Fertilizers and Chemicals Private Limited (which subsequently merged with the Fertilizer Corporation of India Limited) in July 1958. This Report suggested a pattern of production for Trombay. In 1958, the Government of India appointed a Technical Committee under the chairmanship of Dr. Nagaraja Rao to examine and report on all aspects of starting a factory in Trombay. The Committee submitted its report in January 1959 and the recommendations of the Committee were accepted by the Government in April 1959. The Agency for International Development of the United States Government (then known as D.L.F.) sanctioned a loan to cover the foreign exchange cost of the Project in September 1960. The first contract was awarded towards the end of June 1961 for the main plant and machinery. The civil engineering and the foundation work commenced in April 1962.

The Trombay factory is designed to produce 88,000 tonnes of nitrogen and 42,000 tonnes of  $P_2O_5$ —a total of 130,000 tonnes of plant nutrients per year.

### *Production pattern*

The end products are 99,000 tonnes of Urea with a nitrogen content of 46 per cent. and 180,000 tonnes of Nitrophosphate, consisting of 20 per cent. of Nitrogen and 20 per cent. of  $P_2O_5$ . It has been estimated that for every tonne of plant nutrient properly utilised, there will be an increased crop yield of ten tonnes. It is, therefore, safe to assume that Trombay will contribute over a million tonnes more in terms of extra food production.

Out of the total production of Urea, a maximum of 5,000 tonnes will be manufactured as Technical Grade under strictly controlled conditions. This will meet the requirements of the Resin industry.

The factory at Trombay is one of the Units of The Fertilizer Corporation of India, the second largest public sector enterprise in the country and the largest producer of chemical fertilizers. Two Units of the Corporation—Sindri and Nangal—have been in production for several years and Trombay has joined their ranks. Of the three other Units of the Corporation at Namrup, Durgapur and Gorakhpur, the last one has gone on stream recently and the other two are under various stages of construction and will be commissioned shortly.

### *Project cost*

The total cost of the Trombay Factory including the Methanol Plant, is about Rs. 485 million. Of this \$ 37.8 million (about Rs. 288.5 million) were provided by two dollar-loans given by the Agency for International Development of the United States Government; and about Rs. 284 million were made available out of the PL 480 counterpart funds of the same Agency.

The total sale value of the products of Trombay will be Rs. 185 million out of which about Rs. 140 million will represent the sale value of fertilizers and the balance, the sale value of methanol, argon and other industrial products. The project is estimated to save the country Rs. 150 million in foreign exchange by way of reduction in imports of fertilizers and methanol.

The Urea Plant has the capacity of producing 300 tonnes of prilled urea per day, while the Nitrophosphate Plant, although designed to produce 1,100 tonnes of Nitrophosphate 12.9:12.9 per day however produces about 600 tonnes of fertilizer. Due to efforts put in by the staff at Trombay, this plant is now capable of producing

800 tonnes of Nitrophosphate 20:20 by using di-ammonium phosphate, and thus increases the total plant nutrient produced. Plans are in hand to install a Phosphoric Acid Plant, which when complete will be able to eliminate the use of di-ammonium phosphate. The 20:20 complex fertilizer now being manufactured, has about 30 per cent. of the phosphate in water soluble form and the rest in citrate soluble form. This is a fertilizer having both immediate and long-lasting effects.

The Trombay Nitrophosphate Plant has the distinction of being one of the largest single units of its kind in the world.

With its high nitrogen composition and established results, Urea is an ideal fertilizer for most of the crops and oils. Previously about 50 per cent. of our production was being marketed through the Fertilizer Pool of the Ministry of Food and Agriculture, and distributed under their instructions to various co-operatives and other dealers. From 1st October, 1968, marketing of the entire production of Urea is the responsibility of the Trombay Unit.

Nitrophosphate is marketed by the Trombay Unit directly. In Maharashtra, sales are routed through co-operative societies, while in the States of Andhra Pradesh, Madras and Mysore, retailing is entrusted to co-operatives and private dealers.

The capacity of the Ammonia Plant is 350 tonnes of liquid anhydrous ammonia per day. Fifty per cent. of the ammonia produced is utilised for the manufacture of Urea and the balance is utilised for the manufacture of nitrophosphate. The factory also has a Nitric Acid Plant with a capacity of 820 tonnes per day and a Sulphuric Acid Plant with a capacity of 200 tonnes per day. The nitric acid and sulphuric acid produced is utilised for the production of nitrophosphate. The factory has a steam generation plant, a water treatment plant and a material handling plant, as ancillaries.

### *Raw Materials*

The factory uses as raw material, 50,000 tonnes of refinery gas and 30,000 tonnes of fuel oil per year supplied by Burmah Shell, through direct pipeline and 120,000 tonnes of petroleum naphtha, supplied by Esso Refineries, also through direct pipeline. The other raw materials required for the production of nitrophosphate are 80,000 tonnes of rock phosphate and 25,000 tonnes of sulphur per year. Until indigenous sources are found for them, the factory will have to depend on imports for these raw minerals. The factory consumes 45 megawatts of power from the Tata Power Supply Company and 4 to 6 million gallons of water per day from the Bombay Municipal Corporation. Steam requirements are met by the steam

generation plant, which consists of three package-type boilers, each with a capacity of 50,000 lbs. per hour.

### *Planning*

The entire planning of the Trombay factory—embracing the collection of design data preparation of tender specifications, scrutiny and award of contracts, co-ordination with various contracting agencies, preparation of overall factory plot plans, procurement of indigenous materials and miscellaneous items imported from abroad—was done by our own engineers. Two leading American firms, Messrs. Chemical Construction Corporation, New York, and Messrs. Chemical and Industrial Corporation, Cincinnati, U.S.A., did the designing, engineering and procurement for the main plant. The design and engineering of ancillary plants, i.e. the water treatment plant, steam generation plant, bagging plant, handling system, yard piping, power system, etc., were done indigenously. All foundations and superstructures for civil works were also designed indigenously. The plant foundation and the construction of factory buildings, etc., was undertaken by local contractors. The erection of plant equipment and machinery, including the fabrication of piping and vessels etc., was done by indigenous firms. A select number of engineers from the two leading foreign contracting firms were posted at Trombay during the period of construction, as advisers.

### *Methanol Plant*

In addition to the production of fertilizers, the Trombay factory also produces technical grade methanol. The Rs. 60-million Trombay Methanol Plant has a capacity of 30,000 tonnes of methanol per year. Methanol and its derivative, formaldehyde, are the basic products for the plastic, resin, adhesive and paint industries. Methanol is also used for the defence and drug industries. With the production of methanol in India, a sound base is being established for the setting up of many chemical, pharmaceutical and insecticide factories.

### *By-Products of the Trombay Factory*

From the Air Separation Unit of the Ammonia Plant, the Trombay factory will recover and produce 111,000 cu. meters of argon per year. Argon is utilised for arc shielding in the welding of stainless steel and other special metals. There is an acute scarcity of argon in the country. The Trombay Plant will be the first Public Sector factory to produce argon. The only other factory producing argon in the country is Indian Oxygen Limited, Burnpur.

The Trombay factory will also release about 250 tonnes of carbon dioxide per day into the atmosphere. A portion of this carbon

dioxide has been successfully utilised, and arrangements have been made with a private unit to install the necessary equipment to purify, bottle and sell carbon dioxide in cylinders. This unit has recently started functioning. FCI's earnings from this undertaking are anticipated at Rs. 3 lakhs per year.

It has also been decided to utilise the services of this unit to install a dry ice plant inside the factory.

### *Plants for Diversification*

Situated in Bombay City, the factory presents an ideal location for the production of intermediates and chemicals, based on the raw materials used, by-products or intermediate products in the manufacture of fertilizers. Considerable attention has been given to this aspect, for apart from meeting the industrial needs of Maharashtra and the adjacent States, production of these chemicals will contribute to the fixed costs of the factory and help to reduce the incidence of these costs on fertilizers.

Products envisaged under the Diversification Scheme will be phased in stages. Phasing has been planned in an integrated pattern based on the existing facilities at Trombay and the anticipated demand for the products by industrial consumers.

Products that are now being offered are:

1. Ammonia for industries.
2. Nitric Acid 56/60 per cent.
3. Sulphuric Acid.
4. Carbon Dioxide for the aerated water industries and for foundries.
5. Nitrogen solution as fertilizer.
6. Ammonia Bicarbonate for food industries.

Plans have already been drawn up for the production of the following.

1. Dry Ice for food preservation.
2. Ammonium nitrate for the manufacture of explosives.
3. Carbon from carbon slurry in the Ammonia Plant. This can be used by the rubber and printing ink industries.
4. Methlamines for the insecticide industry and also for the rubber industry.

### 5. Concentrated Nitric Acid for the organic and defence industries.

The manufacture of Melamine, Melamine Formaldehyde, Urea Formaldehyde plastics and Caprolactum in stages, has been proposed.

#### *Plans for Expansion*

The Government of India has already approved the detailed proposal for the Expansion of the Trombay works. The scheme includes the installation of a single-train Ammonia Plant manufacturing 1,000 tonnes of ammonia per day. The plant employs a Centrifugal Compressor and the latest technology based on Petroleum Naphtha as feed-stock. When complete the fertilizer unit will consist of a Urea Plant with a capacity of 1,200 tonnes per day and a complex fertilizer plant with a capacity of 1,500 metric tonnes per day. The detailed specifications of the plants have been worked out and tenders have been invited. The plant is expected to go on stream by the middle of 1972.

#### *Funds*

The Agency for International Development of the United States Government has officially communicated its approval to meet the Foreign Exchange requirements for the Project.

#### *Rationalisation of Staff Structure*

The staff structure of the Trombay factory has been rationalised. On the recommendations of an Expert Committee which went into the staff pattern of Trombay in 1964, the Board of Directors of the Fertilizer Corporation has accepted new norms for the staffing pattern of Trombay. The factory employs a total of 2,137, out of which 2,027 are on the Fertilizer Plant and 110 on the Methanol Plant. Because of this reduction in staff, 90 per cent of the employees of the Trombay Division are accommodated in the 1,748 units of accommodation already built. The most important part of rationalisation proposed, accepted and implemented in Trombay is the abolition of a category of workers known as Helpers. The Trombay Factory has broken the tradition of the other industries in the country by not employing Helpers to assist Technicians and Operators. The Technicians and Operators carry their own tools.

The Trombay Unit has taken a lead in putting progressive management concepts and techniques into practice. In this endeavour the Management is assisted by the Industrial Engineering Department. Besides introducing the conventional techniques of Work Measurement, Financial Incentives, Job Evaluation, Man Power Planning and O & M, the department has been exploring areas for

the application of newer Operations Research techniques. The concept of Integrated Materials Management has been introduced and Scientific Inventory policies are being used. Other areas in which the Industrial Engineering Department has made a significant contribution are Logistic Planning, Economic Analysis and Materials Handling. Through periodic seminars Management Personnel is constantly exposed to recent trends in Management Science. All efforts converge on one objective to increase productivity. The results have been encouraging and point towards a hopeful future.

The Fertilizer Corporation has also laid emphasis on the well-being of its employees and has endeavoured to provide them with all amenities. A big modern township has been built to provide housing facilities for as many employees as possible. The township is spread over 288 acres and has all the other facilities too. Medical aid is available to employees. A Fair Price Shop and a Consumers' Co-operative Store have been opened. Recreation clubs with reading rooms and libraries are functioning in different sectors of the township.

Cultural and social activities are not neglected either. Dances, music recitals, variety programmes and film exhibitions are arranged periodically.

### *Manufacturing Process*

#### *Ammonia Plant*

Raw synthesis gas is generated by "Shell" Partial Oxidation Process, wherein refinery gas and petroleum naphtha are reacted with preheated steam and oxygen. The reaction is carried out at a temperature of about 1400°C. and at a pressure of 400 lb. per square inch.

The refinery gas (before passing through the gas generators) is scrubbed with Mono Ethanol Amine to make it free of its Hydrogen Sulphide content, which is an undesirable impurity for ammonia synthesis. The hydrogen sulphide recovered is sent to the Sulphuric Acid Plant for the manufacture of sulphuric acid. The hot gases from the Gas Generators are passed through waste heat boilers to recover heat in the form of steam. The raw gas (consisting mainly of hydrogen and carbon monoxide) is subsequently passed through the CO conversion section where carbon monoxide is reacted with steam to produce carbon dioxide and hydrogen. Thereafter the gases are processed for removal of carbon dioxide and further purified by a liquid nitrogen wash, where the impurities in the gas are completely removed and the proportion of hydrogen to nitrogen adjusted in the ratio of 3:1. The gases are then compressed to a pressure of 365 kg/cm<sup>2</sup> and passed through a converter containing a



specially promoted iron oxide catalyst, where hydrogen and nitrogen are synthesised to produce ammonia. The ammonia produced is stored in the form of liquid anhydrous ammonia in a Hortonsphere having a capacity of 1,000 tonnes.

The oxygen required for gas generation and pure nitrogen are produced in two identical streams of Air Separation Units.

The entire plant has been laid in two streams, except for the gas generators and the associated boilers, which have been laid in four streams.

#### *Urea Plant*

Prilled urea is produced by a complete recycle process developed by Messrs. Chemical Construction Corporation of New York. Liquid ammonia and carbon dioxide from the Ammonia Plant are reacted in a specially designed reactor under controlled conditions of temperature (185°C.) and pressure (3,200 psig) to produce urea. The reaction products, which contain about 50 per cent urea, are processed under reduced pressures, and unreacted ammonia and carbon dioxide are recycled to the reactor. The urea solution produced is concentrated in specially designed evaporators. The concentrated urea melt is then sprayed into a 150 ft. high prilling tower to produce prilled urea, which after cooling and screening is sent for storage or bagging.

The entire plant has been laid in three equal streams, except for the prilling unit and the subsequent processing units, which have been laid in two streams.

#### *Sulphuric Acid Plant*

Sulphuric Acid in a 98 per cent concentration is produced in this plant by Contact Process from elemental sulphur, and the by-product, hydrogen sulphide gas, is obtained from the Ammonia Plant. The entire plant is laid in one stream.

#### *Nitric Acid Plant*

This plant has adopted the high pressure process designed by Messrs. Chemical Construction Corporation of New York. The Plant is laid in two streams, designed to produce 320 metric tonnes of nitric acid per day.

A mixture of a controlled quantity of ammonia and air under a pressure of about 125 psig is passed over a platinum rhodium catalyst (90 per cent Platinum, 10 per cent Rhodium) at a temperature of about 800°C. After recovering the heat of the reaction in the waste heat boilers, the nitrous-oxide produced is further oxidized and absorbed in water to produce 57 per cent nitric acid. The tail gases from the absorption section are reacted in a catalyst combustor with

fuel gas before they are released in the atmosphere so as to eliminate oxides of nitrogen, which are toxic in nature.

### *Nitrophosphate Plant*

The process followed involves acidulation of pulverized phosphate rock with nitric acid. Phosphoric acid and ammonia are gradually introduced in the reacting mass, resulting in the formation of a complex, consisting of ammonium phosphate and di-calcium phosphate. A stabilizer is added before ammoniation to prevent the reversion of the soluble phosphate to insoluble form.

The slurry thus obtained is processed into granules which are dried, cooled, screened, coated and sent for storage or bagging. The plant is flexible enough to produce nitrophosphate by the carbonitric process which also eliminates the use of imported sulphur.

The plant can also be run on the sulphonitric process which utilises nitric acid and sulphuric acid and produces nitrophosphate with half its phosphate content in water soluble form. The nitrophosphate produced by the carbonitric process mentioned earlier has its entire phosphate content in citrate soluble form. Plans are in hand to install a phosphoric acid plant. Until then di-ammonium phosphate will be used for the production of nitro-phosphate 20:20.

The plant can also make multi-nutrient fertilizers, and trial quantities of NPK complexes have already been manufactured. It is also possible to introduce micro nutrients in the complex fertilizers.

### *Methanol Plant*

Petroleum naphtha is vapourized by hot oil, and the hydrogen recovered subsequently in the process, is added in the vaporizer. The mixture of naphtha vapors and hydrogen is passed through a fuel-fired heater and then through a reactor. The unsaturated hydrocarbons of naphtha are saturated and the sulphur content of naphtha is converted into hydrogen sulphide. The gases from the reactor are cooled and naphtha is condensed out. The gas and the hydrogen sulphide in naphtha are removed by a Monoethanolamine wash. The purified naphtha and the gas are heated in a second set of heater and reactor. Final traces of sulphur are catalytically removed. The purified gas mixed with steam is passed through reformers containing a nickel catalyst. The hydrocarbons react with steam to form a mixture of carbon monoxide, carbon dioxide and hydrogen. These gases are further processed in two streams. In one stream, carbon monoxide is converted into carbon dioxide and hydrogen. Carbon dioxide is absorbed in an MEA solution and hydrogen is sent to the vaporizer. The second stream is cooled in a waste heat boiler and then mixed with carbon dioxide which is separated from the other stream. The

mixture of the three gases is compressed to 5,000 lb/sq. inch pressure and then passed through a methanol synthesis converter containing zinc chromite catalysts. Converter outlet gas containing crude methanol is cooled in a condenser and methanol is separated. Unreacted gas is recycled. Crude methanol is purified to produce pure technical grade methanol.

### *Fertilizer Promotion and Market Development*

To create an increased consciousness about the use of fertilizers, a vigorous and effective promotional programme is required. Trombay's Fertilizer Promotion work concentrate on educating the farmer about improved agricultural practices and the correct use of different fertilizers. The Fertilizer Promotion Programme is intended to convince the cultivator of the potential profit that can be derived from fertilizers, through demonstration of actual results obtained from the use of fertilizers. In Trombay great care is taken to base fertilizer recommendations on soil tests. Soil test information is used along with the evaluation of specific crop requirements, cropping history and physical soil characteristics, in determining the exact amount of the different nutrients and soil amendments needed for certain crops or cropping sequences.

An Agronomy Department has been set up in the Trombay Unit to organize the Fertilizer Promotion programme which includes Distribution, Sales, Servicing and Consumer Education. The basic objectives of the programme are:—

1. To provide an agency which will give the cultivator, the necessary help and advice to maximise production with the help of fertilizers and other crop aids.
2. To popularise the use of fertilizers and create greater acceptability of complex fertilizers.
3. To supplement the efforts of the State Government and other agencies in encouraging the use of fertilizers.

The effective promotional programme includes the following:—

- (i) A Publicity and Information Service.
- (ii) A Soil Testing Service.
- (iii) An Agronomy Service.
- (iv) Fertilizer Demonstrations.
- (v) Research and Development Projects.

### *Soil Testing Service*

The soil testing service is offered free and a full-fledged soil testing laboratory with modern facilities such as a Flame Photometer for

the determination of potash, is set up at Trombay. The laboratory is capable of testing 100 samples in eight hours. Mobile soil testing units will soon be introduced in rural areas to meet the increasing need for soil testing.

Appropriate machinery is geared to set up a radio isotope laboratory at Trombay to exploit the potentials offered by radio-active isotopes in determining conditions for the efficient use of Trombay fertilizers; and to investigate the proper dosage, time of application and methods of application for various types of soils and crops. This laboratory will work in close co-operation with the Bhabha Atomic Research Centre, which is also in Trombay.

### *Agronomy Service*

The next important objective of the marketing programme is to provide technical services to the farmers. The agronomy service is planned on a comprehensive basis. The services rendered include soil analysis, prescribing dosage for fertilizer application and advice on a variety of problems like tillage, irrigation, and the use of seeds, pesticides, etc.

To offer these agronomy services, a field organisation consisting of trained agricultural graduates, fertilizer demonstrators and field assistants have been appointed and posted at suitable places.

The district staff carry out the following duties:—

1. Liaison with officials of the Zilla Departments, District wholesalers, etc.
2. Distribution of informative literature, folders, leaflets, posters, handouts, etc.
3. Attending Fertilizer Days arranged by the Trombay Unit and the Department of Agriculture, taking part in seminars and arranging the screening of films in audio-visual programmes about the use of fertilizers, etc.
4. Collecting soil samples from the cultivators' fields, demonstration plots, etc.
5. Assisting cultivators in the correct application and storage of fertilizers.
6. Laying demonstration plots and checking up on progress.

### *Trombay Experimental Farm*

An experimental farm has been started in the township at Trombay where trials have been conducted on a variety of crops like Rice (Taichung Native—1), High-breed Maize, Onions, Banana, Pine-apples, Grapes and other crops and vegetables. Cashewnut trees

have been planted on the slope of the hill near the township. These trials are conducted with the use of Trombay fertilizers like Suphala 20:20, Urea, Anhydrous Ammonia, Nitrogen Solutions, etc.

About 250 acres of the factory area is saline land. Cultivation of any kind is impossible at present as the land gets submerged in the tidal waters. It has, therefore, been proposed to reclaim the area in a phased programme by providing sluice gates, bunds, open drains, etc. After development, the land will be used for the trial cultivation of various crops. The above scheme will be under the management of the Agronomy Section.

To inspire the confidence of the rural population, seminars and group discussions are being arranged and special fertilizer festival days are held. The first such fertilizer festival was held at Dabhadli in the Nasik District on 2nd October 1967 and was inaugurated by Hon'ble Shri Vyankatrao Hire, Deputy Minister for Irrigation and Power, Maharashtra State. Fertilizer festivals have been similarly arranged at Jalgaon, Srirampur, Kolhapur, Haspur and many other places in Maharashtra and Andhra Pradesh.

Since a portion of Andhra Pradesh will also form part of Trombay's economic marketing zone, Area Offices have been opened at Hyderabad and Bangalore to look after promotional activities in Andhra Pradesh and Mysore.

### *The Training Department*

Close attention is paid to the problem of training technical personnel: to offset any wastage that may occur from the migration of trained staff to other fertilizer factories coming up in the country; and to ensure that enough trained personnel is available for the Corporation's new projects by the time the plants go into production.

The Training Institute at Trombay which was inaugurated on 25th August 1967, has now developed into a full-fledged institute which trains personnel in every field for the benefit of all the units of the Corporation; and provides opportunities for continued self-development for employees at all levels.

The activities of the Training Institute are divided into three fields:

- (1) Apprentices Training—For new employees at the operator/technician, supervisory and junior executive level.
- (2) Staff Training—For existing employees in the form of:
  - (a) Theoretical classes in the evening up to the standard of the degree course;

(b) Development courses for all categories of employees; and

(c) Refresher courses.

(3) Training for outside organisations—The Training Department offers training facilities not only to the other units of the Corporation but also to educational institutions and other chemical factories.

A special feature of this Training Institute is the "Carnmody Training" in which the operation of the process can be learnt by simulation in a class-room. Another is the "Advance Welding Course" which deals with specialized welding processes such as Argon Arc Welding, High Pressure Welding, and the welding of alloy steels and PVC.

### *In a Nutshell*

#### **The Cost of the Project**

(a) Fertilizer group of plants	.. Rs. 435 million
(b) Methanol Plant	.. Rs. 60 million
	<hr/>
<b>Total</b>	<b>Rs. 495 million</b>
	<hr/>

(Of this total, the foreign exchange cost of \$37.80 million is met from A.I.D. loans while the rupee costs of Rs. 21.50 crores come from PL 480 funds.)

Extent of factory site . . . . . 537 acres

#### *The Main Production Units*

Ammonia Plant . . . . .	350 tonnes a day
Urea Plant . . . . .	300 tonnes a day
Nitric Acid Plant . . . . .	320 tonnes a day
Sulphuric Acid Plant . . . . .	200 tonnes a day
Nitrophosphate Plant 20 : 20 . . . . .	600 tonnes a day

#### *Products*

Urea (46% Nitrogen) . . . . .	99,000 tonnes per year
Nitrophosphate 20 : 20 . . . . .	18,000 tonnes per year
Argon . . . . .	111,000 cu. metres per year
Methanol . . . . .	33,000 tonnes per year

#### *Raw Materials*

Refinery Gas . . . . .	50,000 tonnes per year from Burmah Shell Refineries.
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Naphtha	120,000 tonnes per year for the Fertilizer Plant and 120,000 tonnes per year for the Methanol Plant from Esso Refineries.
Fuel Oil	30,000 tonnes per year from Burmah Shell.
Rock Phosphate	80,000 tonnes per year.
Sulphur	25,000 tonnes per year.
<i>Utilities</i>	
Water	4 to 6 million agllons per day from the Bombay Municipal Corporation.
Power	40,000 kW for the Fertilizer Group and 5,000 kW for the Methanol Plant from the Tata Power Supply Company.

ANNEXURE V TO APPENDIX III

(See para 3.1 of Appendix III)

UNITED STATES INFORMATION SERVICE

4, New Marine Lines, Bombay-1.

March 7, 1969

Mr. K. G. Katkar,  
Public Relations Officer,  
Trombay Fertilizer Plant,  
Bombay-74 AS.

Dear Mr. Katkar,

Thank you for your letter of February 26 and for the write-up about your factory.

We would like to take some new photographs of your plant for distribution to visiting Journalists. I will appreciate your informing Mr. D. P. Khanna of our office on telephone when we may send our photographer for this purpose. We will take only such photographs as you may deem proper.

Our plans for the tour have now been firmed up. We will visit your plant on March 24. We will arrive there about 11 A.M. and depart about 2 P.M.

The party will comprise 26 Journalists, five American officials, and five Indian members of our staff including a photographer. Again, only such photographs will be taken as you would allow.

An early confirmation of this schedule will be greatly appreciated.

Looking forward to meeting you on the tour,

Sincerely,  
Sd/- JAMES H. FELDMAN,  
Information Officer.



*List of visitors to Trombay Fertilizer Plant on March 24*

**Americans:**

1. Mr. James J. Mandros, Press Officer, USIS Bombay Non-Veg. Passport No. X031836 of Mar 3, 1966; Visa No. 1600/68 of July 9, 1968.
2. Mr. Christopher L. Sholes, Information Officer, USIS Madras—Non-Veg. Passport No. X007626 of June 1, 1962; Visa No. 756 of May 27, 1966.
3. Mr. John A. Hols, Press Officer, USIS New Delhi --Non-Veg. Passport No. Y588787 of July 24, 1967; Visa No. 1184 of Aug. 3, 1967.
4. Mr. Richard Ross, Information Officer, USIS Calcutta Non-Veg. Passport No. X036869 of Nov. 4, 1966; Visa No. 2718/68 of Dec. 12, 1968.
5. Mrs. Marilyn Ascher, U.S. A.I.D., New Delhi—Non-Veg. Passport No. X045790 of April 16, 1968; Visa No. 74 of April 18, 1968.

**Indian members of USIS Staff:**

6. Mr. A. Rangaswami, USIS, New Delhi.
7. Mr. V. M. Cherian, USIS, Madras—Non-Veg.
8. Mr. A. K. Ganguly, USIS, Calcutta—Non-Veg.
9. Mr. D. P. Khanna, USIS, Bombay—Veg.
10. Mr. I. D. Beri, *Photographer*, USIS, New Delhi—Non-Veg.
11. Mr. Homi Jal, *Photographer*, USIS, Bombay—Non-Veg.

**Journalists:**

12. Mr. M. Ghosh, Dy. Chief Reporter, Statesman, Calcutta, Non-Veg.
13. Mr. S. Sen Gupta, Magazine Editor, Amrita Bazar Patrika, Calcutta.—Non-Veg.
14. Mr. M. Majumdar, Liaison Executive, Hindustan Standard, Calcutta.—Non-Veg.
15. Mr. S. K. Mitra, Special Representative, Ananda Bazar Patrika, Calcutta.—Non-Veg.

16. Mr. R. L. Banerjee, Asst. News Editor, Jugantar, Calcutta—Non-Veg.
17. Mr. P. Ghattack, Magazine Editor, Basumati, Calcutta—Non-Veg.
18. Mr. V. V. Narsimha Rao, Asst. Editor, Andhra Patrika, Vijaywada—Non-Veg.
19. Mr. V. Kurian, Sub-Editor, Malayala Menorama, Kottayam—Non-Veg.
20. Mr. K. Raman, Asst. Editor, Deccan Herald, Bangalore—Veg.
21. Mr. S. B. Dani, Asst. Editor, Samukta Karnatak, Bangalore—Veg.
22. Mr. V. Santanam, Editor-in-Charge, Dinamani, Madurai—Veg.
23. Mr. C. V. Gopalakrishnan, Delhi Correspondent, Hindu, Madras.
24. Mr. Sadhu Singh Hamdard, of Ajit, Jullunder.
25. Mr. Romesh Chandra, of Hind Samachar, Jullunder.
26. Mr. S. P. Sharma, of the Tribune, Ambala.
27. Mr. K. Kumar, of Hindustan, New Delhi.
28. Mr. Narendra Mohan, of Jagaran, Kanpur.
29. Mr. Chandra Kumar, of Aj. Varanasi.
30. Mr. Murali Kumar, Industrial Correspondent, Financial Exp., Bombay—Veg.
31. Mr. R. Rao, Special Correspondent, Indian Express, Bombay—Veg.
32. Mr. A. Sequeira, Special Representative, Times of India, Bombay—Non-Veg.
33. Mr. Matthew, Special Representative, Free Press Journal, Bombay—Non-Veg.
34. Mr. S. S. Shah, Asst. Editor, Gujarat Samachar, Ahmedabad—Veg.
35. Economic Times, Bombay—Veg.
36. Sakal, Poona—Veg.

## **ANNEXURE VI TO APPENDIX III**

**(See para. 3·7 of Appendix III)**

**Correspondents of the following Press attended the Press Conference on 31-3-69.**

- 1. Times of India.**
- 2. Economic Times.**
- 3. Maharashtra Times.**
- 4. Indian Express.**
- 5. Financial Express.**
- 6. Lok Satta.**
- 7. Free Press.**
- 8. Hindu.**
- 9. Statesman.**
- 10. Amrit Bazar Patrika.**
- 11. Bombay Samachar.**
- 12. U.N.I.**
- 13 P.T.I.**
- 14. Samachar Bharti.**
- 15. Hindustan Times.**
- 16. Hindustan Samachar.**
- 17. Air.**
- 18. Nav Shakti.**

## **ANNEXURE VII TO APPENDIX III**

**(See para. 3·7 of Appendix III)**

### **TROMBAY FERTILIZERS TURN THE CORNER**

There has been progressive improvement in production, sales and financial results during the current year in Trombay.

Nearly for the first two years after start up, the foreign contractors were responsible for operation of the Complex Fertilizer and Methanol Plants. On their failure to prove the performance, the plants were taken fully under control by FCI Management only from July/August, 1967.

Systematic studies were made of the deficiencies and the corrective action required on Ammonia, Urea, Complex Fertilizer and Methanol Plants. As a result, a number of corrective steps are being taken up for construction. The process design and engineering of these changes have already been completed and procurement and construction are being taken in accordance with the pre-determined schedule, and a good part has already been completed. These have resulted in gradual improvement in production.

Thus within one year, the FCI. Trombay technologists brought the plants to full attainable capacity without any outside help.

The Ammonia and Methanol Plants would attain full capacity after the supplementary gas supply facilities are completed.

The Urea Plant could attain full production but for shortage of ammonia.

The Complex Fertilizer Plant has been completely recast on a new process developed by Trombay for which patents application are pending. A superior product Suphala 20:20:0 is being produced. The production capacity attained consistently is above the rated capacity but due to shortage of ammonia, the yearly production is limited to 60 per cent. of the rated capacity.

The production figures during the 4 successive years are as below:  
*Yearly production since commissioning of the plants*

(In Tonnes)

Year	Ammonia	Urea	Complex Fert. NP/ NPK in terms of 20 : 20 : 0	Methanol
1965-66 . . . . .	12,274	8,064	11,184	Nil <sup>1</sup>
1966-67 . . . . .	57,855	53,188	51,194	2,586 <sup>2</sup>
1967-68 . . . . .	65,958	57,436	86,859	9,620
1968-69 . . . . .	77,820	68,520	110,000	17,380 <sup>3</sup>

1. Plants went in commercial production for five months only.

2. Plant went in commercial production for six months.

3. Inclusive of 2,290 tonnes of equivalent Methanol as reformed gas supplied for making Ammonia.

During the 4 years, the fertilizer production in terms of nutrients (N+P<sub>2</sub>O +K<sub>2</sub>O are as below:

1965-66 . . . . .	8,400 tons.
1966-67 . . . . .	45,000 "
1967-68 . . . . .	61,100 "
1968-69 . . . . .	75,600 "

A total of 190,000 tons of plant nutrients have until now been produced helping the nation to grow an additional 2 million tons of foodgrains.

#### *Capital investment in Foreign Exchange*

The foreign exchange cost of the fertilizers and methanol so far produced at Trombay on the basis of current low import prices is nearly Rs. 30 crores, which is roughly the total foreign exchange capital cost of the original plant and equipment.

*New Products:* From 1966-67 onwards, a scheme of diversification into industrial chemicals was taken up in phases. In the first phase, specification products for industry for ammonia, nitric acid, sulphuric acid and technical grade urea and argon were produced and marketed. These were continued in the second year.

During the year 1968-69 two carbon dioxide derivatives (recovered from waste carbon dioxide viz., liquid carbon dioxide for the beverage and aerated water industry) and Ammonium Bicarbonate (for food,

pharmaceutical and bakery industries) were produced and put into the market.

A Carbon Black Plant and a Concentrated Nitric Acid Plant are under construction. A contract for the methylamine plant has already been finalised.

All these plants, viz., Ammonium Bicarbonate, Carbon Black, Concentrated Nitric Acid and Methylamines are being built practically entirely with indigenous resources. The know-how for Ammonium Bicarbonate and Carbon Black was developed by F.C.I. itself and the equipment are practically entirely indigenous. A very small foreign exchange of about 5 per cent. of the cost is being used for Concentrated Nitric Acid Plant. The estimated foreign exchange requirement for methylamine plant for purchase of know-how and some proprietary items is also low at about 25 per cent.

*New Fertilizers:* During 1968-69, two new complex fertilizers were introduced in the SUPHALA series i.e., a complete fertilizer 15:15:15 and 18:18:9 in addition to the 20:20:0; the three SUPHALAS constitute a complete range required more or less for all soils and crops under varying conditions.

All the three SUPHALAS contain all the three secondary nutrients viz., sulphur, magnesium and calcium.

Studies have been initiated to introduce micro-nutrients into the Suphala series of fertilizers.

For balancing the existing plants a phosphoric acid plant and a naphtha reformer furnace to supplement the gas deficiencies in ammonia and methanol plants are being built. The know-how for both these plants are largely developed by FCI. itself and the engineering and construction of these plants are entirely being handled by F.C.I.

*Sales:* (Rupees in million)

Year	Industrial products	Fertilizers	Total
1966-67 . . . . .	12.5	56	68.5
1967-68 . . . . .	24.0	88	112.5
1968-69 . . . . .	27.0	138.3	165.3

During the current year, the sales of fertilizers have gone up by 156 per cent. from the previous year and industrial products (excluding methanol) by 131 per cent. The methanol sales have not been as good due to large imports that had taken place.

The contribution towards reduction in fixed costs by the sale of industrial products (excluding methanol) has been more than one crore rupees in 1968-69.

#### *Operating Results : Profit & Loss*

		Rs. in million
<b>I. Gross profits before depreciation and interest—</b>		
*1965-66	(—)	3.1
1966-67	(+)	13.6
1967-68	(+)	40.0
1968-69	(+)	57.8
<b>2. Profits after charging depreciation but before interest—</b>		
*1965-66	(—)	12.8
1966-67	(—)	17.1
1967-68	(+)	6.4
1968-69	(+)	24.3
<b>3. Profit after charging depreciation and interest —</b>		
*1965-66	(—)	19.0
1966-67	(—)	40.8
1967-68	(—)	18.1
1968-69	(+)	5.3

\*For five months only.

Results for 1968-69 are estimates only and are provisional.

The progressive improvement during the last two years has been reflected in the overall financial results. The gross profits have increased from 400 lakhs to 578 lakhs and the profits after charging depreciation from 64 lakhs to 243 lakhs and profits after charging both depreciation and interest, that is, the *net profit has been about 53 lakhs this year against a loss of 181 lakhs in the previous year and 408 lakhs in 1966-67.*

#### *Financial Ratios*

S. No.	Particulars	Years			
		1965-66	1966-67	1967-68	1968-69
1	Percentage of Gross Profit to capital employed	(—) 0.8	(+) 2.7	(+) 7.3	(+) 10.3
2	Percentage of Gross profits after depreciation to capital employed	(—) 3.18	(—) 3.44	(+) 1.15	(+) 4.24
3	Percentage of Net Profit to Capital employed	(—) 4.74	(—) 8.21	(—) 3.28	(+) 0.92
4	Percentage of sales to capital employed (Investment turn-over)	1.8	13.8	20.4	28.9

These results have been achieved after reducing the price of the principal product Suphala by about 4 to 6 per cent. during the year and Methanol by about 7 per cent. The overall price reduction in Methanol during the last two years has been of the order of 13 per cent. on an average; the Sulphuric acid price has been reduced by 45 per cent. from 1966-67 whereas the price of technical grade urea by 5 per cent. from the previous year.

### *Marketing*

A systematic marketing plan has been evolved and the economic marketing zone for Trombay has been worked out and promotion, extension service and distribution facilities are being developed extensively in this economic marketing zone. An agricultural research station is being organized at Trombay to provide scientific support for the field demonstrators. Trombay's free soil testing service has become popular with the farmers and nearly 20,000 soil samples have been tested and results furnished and recommendations made.

About 7,500 "Sheti Patrika", a monthly periodical providing information on elements of scientific agriculture are being mailed directly to the farmers and these are followed up by Trombay's field demonstrators.

The progress in *organizing marketing* is indicated in the tables below:

	1966-67	1967-68	1968-69
No. of Demonstration plots	250	400	1,500
No. of Festivals	Nil	3	3
No. of Fertilizer days	..	12	150
No. of Warehouses	Nil	2	30
No. of Area Offices	..	2 Area Offices.	5 Area Offices.
No. of men employed	15	135	219

### *Fertilizer distribution*

Nearly 90 per cent. of the urea is being distributed in Maharashtra whereas Suphala distribution have been roughly 50 per cent. in Maharashtra, 33 per cent. in Andhra Pradesh, 16 per cent. in Mysore and the rest in other parts of India.

The 1968-69 has been the first full year where in India fertilizers changed over from the sellers to buyers market and competition has been keen. Nevertheless, Trombay is closing the financial year with pending orders.



**Exports**

During the current year, Trombay has made a beginning in the Export field. Both Ammonia Bicarbonate and Methanol are being exported. Already export order valued to the extent of about 10 lakhs in foreign exchange have been secured in the course of last few months and are being executed.