सत्यमेव जयते

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

UNION GOVERNMENT
No. 16 (COMMERCIAL) OF 1991

HINDUSTAN LATEX LIMITED

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TABLE OF CONTENTS

OVERVIEW

I. The Hindustan Latex Limited was incorporated on 1st March 1966 for the manufacture of contraceptive rubber condoms. A plant with a production capacity off 144 million pieces (m.pcs.) of condoms per annum (p.a) was established at Trivandrum with Japanese know-how in July 1969. Its capacity was doubled in July 1977. These plants are capable of producing thicker variety (0.06 - 0.07 mm thickness) of condoms only. Two more new plants, each with a capacity of 160 m.pcs. p.a. of thinner variety (0.03 - 0.04 mm thickness) were set up - one at the existing premises at Trivandrum (August 1986) and the other at Belgaum (May 1987).

(Paragraphs 1.1 and 1.2)

II. For setting up the new plants, limited tenders were invited from twelve firms in U.K., U.S.A., Holland and Japan for supply of equipment and know-how. Three firms (one from Holland and two from Japan) responded within the stipulated date. M/s. Mitsui & Co., the second lowest tenderer, reduced their quoted price after negotiations and it was accepted and contract was entered into with them. The expectation that this firm's services could be availed of in modernising the old plants did not materialise as the firm quoted a very high price.

(Paragraphs 2.1.1 to 2.1.8)

III. Out of the four production lines in the old plant, one line was modernised at a cost of Rs.86.29 lakhs during December 1988 - September 1989. Two sets of programmable logic controllers and four sets of pulse control motors imported at a total cost of Rs.10.34 lakhs in July 1988 for the modernisation work are lying unused. The price of identical indigenous equipment was Rs.1.54 lakhs only. The objective of reduction of manpower consequent to modernisation was not achieved after the modernised line went into regular production in October 1989.

(Paragraphs 2.2.2 to 2.2.5 and 2.2.7)

IV. While the capacity utilisation in all the plants of the Company was satisfactory, rejections and wastages upto "full production" stage were in excess of the norms during most of the years in the five year period ended 31st March 1991.

(Paragraph 3.4.1)

V. Rejections at packing stage at Trivandrum Plants also exceeded the norm and the value of such excess rejections amounted to Rs.55.57 lakhs during the 5 year period ended 31st March 1991.

(Paragraph 3.4.3)

VI. Consumption of aluminium foils and fuel oil exceeded the norms during the last five years and the value of the excess over norms amounted to Rs.58.51 lakhs.

(Paragraph 3.5.2)

VII. Most of the sales of thicker and thinner condoms are made to Government of India. Though the cost of production of thinner variety was more than that of the thicker variety, both fetch the same price from Government.

(Paragraphs 4.1 to 4.5)

VIII. After the commissioning of the two new plants, which meant increased production and sales, the Company has been earning higher profits since 1987-88. The higher profits were also attributed to higher selling prices for Government supplies. Out of its 22 years of working from 1969-70 to 1990-91, the Company paid dividends for 9 years, totalling to Rs.180 lakhs.

(Paragraphs 6.1, 6.2 and 6.4)

1. INTRODUCTION

1.1 The Government of India decided in 1965 to set up a factory in the public sector at Trivandrum for the manufacture of condoms as one of the measures in the multipronged approach to the population problem. In pursuance of this decision, Hindustan Latex Limited was incorporated on 1st March 1966 and a plant with a capacity to produce 144 million pieces [M.pcs] of condoms per annum [p.a.] was established at Trivandrum with technical know-how and equipment from M/s. Mitsui & Co. Ltd. and Okamoto Riken Gomu, Japan. Commercial production of condoms, under the trade name `NIRODH', commenced in July 1969. The production capacity was doubled, in July 1977.

1.2 Two new plants at Trivandrum and Belgaum, were added in August 1986 and March 1987 respectively,.to produce 160 M.pcs p.a. of a thinner variety each as against the existing production of thicker variety, with know-how and equipments from the same Japanese firms.

1.3 The performance of the Company was earlier reviewed in Comptroller and Auditor General's Report - Commercial [Union Government], 1980. Part V. The performance of the Company during the last 5 years is reviewed in the following chapters.

2. EXPANSION, MODERNISATION AND DIVERSIFICATION

2.1 Expansion

2.1.1 To meet the growing demand for condoms, Government of India decided [September 1980] in principle, that the Company should set up an additional plant with a production capacity of 288 M.Pcs. p.a. A team consisting of the Chairman and Managing Director, another Director, who was the Adviser [Marketing] in the Department of Family Welfare, and the General Manager of the Company visited [July 1982] U.S.A., U.K., Holland, Japan and Korea and held discussions with the firms who were producing condoms and condom manufacturing machinery. They also studied the process technology of M/s. Latex Engineering B.V. [LEBV], Holland, and other companies in U.S.A. and Japan.

2.1.2 Based on the report of the team and the recommendations [March 1983] of the Director General of Technical Development [DGTD], limited tenders were invited [April 1983] from 12 firms in U.K., U.S.A., Holland and Japan for supply of technical know-how and capital equipment for the manufacture of condoms The following three firms tendered their offers, before the last date viz. 15th May 1983:

		Tender Value (Rupees in lakhs)
i]	M/s. Latex Engineering B.V.,Holland	338.78
ii]	M/s.Sagami Rubber Industries Company, Japan	2652.01
iii]	M/s. Mitsui & Co., jointly with M/s.Okomoto Riken Gomu [ORG], Japan	1572.76

A late offer was received from M/s. Fuji Latex Company, Japan who submitted through M/s.Sumitomo Corporation, Madras, their original offer on 17th August 1983 and a revised offer [Rs.1041.43 lakhs] on 26th September 1983.

2.1.3 Based on the offer of LEBV, Holland, which was the lowest [Rs.338.78 lakhs], a project estimate for Rs.843.93 lakhs was prepared [June 1983] and referred to D.G.T.D. Since M/s. LEBV themselves were not manufacturers of condoms and they primarily offered to supply equipment, DGTD suggested to depute a suitable team to have first hand appreciation of the efficiency of the machines and quality of the end product in the operating units set up in Yugoslavia, Malaysia and Poland by M/s. LEBV.

2.1.4 A team consisting of the Chairman and Managing Director, two other Directors of the Company and the Project Manager visited [October 1983] Holland, Italy and Yugoslavia and reported that [i] LEBV had no expertise in condom manufacturing process, [ii] they did not have the infrastructure to manufacture two units with a capacity of around 150 M.Pcs. each, [iii] the quality of the condoms produced in the units set up with machines supplied by LEBV was unsatisfactory and [iv] varieties were not produced in the machines supplied by them.

2.1.5 Had the team which visited LEBV earlier in July 1982 made a proper evaluation of their capabilities at that time itself, tenders would not have been invited from them.

The Management stated in their reply forwarded by the Ministry in April 1991 that the second visit was conducted for a detailed study on the basis of recommendations of DGTD. In this connection, it may be pointed out that the second visit was suggested by DGTD to ascertain whether the collaborator was capable of providing a total technology - both process know-how and equipment, of assured reliability. The position was already made clear by the collaborating firm itself during the first visit of the technical team that it could supply only equipment, and process know-how was to be arranged through other manufacturers. It was already known from the beginning that this firm was not capable of giving a total technology on its own.

2.1.6 With the elimination of LEBV, the other offers were considered. Omitting Fuji's offer, which was received late, negotiations were held with Mitsui & Co. in December 1983, (Sagami invited for negotiations did not attend) during which reductions of 14 percent in the price of the machinery and 11.8 percent in technical know-how fee were made by Mitsui & Co. Their final offer, being the lower of the two, was accepted.

2.1.7 The Management stated [July 1990] that the offer of M/s. Fuji was kept in view while negotiating with the other two tenderers. Explaining the acceptance of Mitsui's Offer, they stated that one of their main objects was that the firm's services could be availed of for modernising the old plants which was set up with their collabortion.

2.1.8 But the offer of M/s. Mitsui for modernisation of the old plant was found to be high subsequently, as mentioned in paragraph 2.2.1 and 2.2.2 and thus the company's expectation of utilising their services in this respect did not fructify.

2.1.9 The feasibility report submitted by the Company in January 1984 for establishment of two units of 160 M.Pcs capacity each, at an estimated cost of Rs.14.55 crores, with a foreign exchange component of Rs.6.66 crores, on the basis of M/s. Mitsui's offer, was approved by Govt. in August 1984. The estimated cost was revised [June 1986] to Rs.23.55 crores [61.8 percent increase] with a foreign exchange component of Rs.9.94 crores [49.25 percent increase]. The actual expenditure came to Rs.23.05 crores. The excess of Rs.8.50 crores of the actual cost [Rs.23.05 crores] over the original cost [Rs.14.55 crores] was due to the following reasons:

		Rs. in crores
i]	increase in know-how fee, cost of imported machinery and supervision charges, due to fluctuation in foreign exchange rates.	3.69
ii]	purchase of additional items of imported machinery	0.52
iii]	increase in customs duty	2.13
iv]	increase in freight	0.49
v]	increase in cost of building materials, additional works etc.	0.71
vi]	increase in cost of indigenous machinery, miscellaneous fixed assets, pre-operative expenses [net]	0.96
	Total	**8.50**

2.1.10 The construction work both at Trivandrum and Belgaum commenced in January 1985. The Trivandrum unit was completed by the end of July 1986 and commissioned in August 1986 as against the scheduled date of June 1986. The marginal delay in commissioning was attributed (August 1987) by the Management to delay in receipt of certain indigenous equipments. The two process lines of the Belgaum unit were commissioned by March 1987 and May 1987 as against the scheduled date of November 1986. The delay was mainly attributed (August 1987) by the Management to non-release of funds by the Government of India.

2.2. Modernisation

2.2.1 The older plants installed during 1968 and 1977 at Trivandrum were capable of producing 0.06mm to 0.07mm thick condoms. Since the new plants were capable of producing wthinner condoms, the Company proposed to modernise the older plants to make them capable of producing the thinner variety also. A proposal was obtained from M/s. Mitsui and Co. in June 1984 in this connection. However, at the instance of the Ministry in August 1986 a revised proposal was obtained from M/s. Mitsui & Co. (April 1987) which had an option either for complete change of machinery for Rs.15 crores or partial modification of existing machinery for Rs.9 crores. There was no positive response on the revised proposals from the Ministry.

2.2.2 Since M/s. Mitsui's offer was considered high, the company decided [1987] to undertake the modernisation work on their own. The project report prepared in this connection envisaged the following benefits accruing, annually :

i] increase in production by 16 million pieces per annum [benefit Rs.8.5 lakhs per annum].

ii] 8 percent reduction in the wastage [savings Rs.12 lakhs per annum]

iii] reduction in the raw material consumption [savings Rs. 50 lakhs per annum]

iv] reduction in manpower [savings Rs.2.1 lakhs per annum]

2.2.3 The older plants had four production lines [two each] and the estimated cost of the modernisation of these four production lines was assessed (March 1985) at Rs.245.04 lakhs, which was revised to Rs.276 lakhs in September 1987. To start with, it was decided [August 1987] to undertake the modernisation of one production line, involving a capital expenditure of Rs.69 lakhs [Phase I]. The original estimate of Rs.69 lakhs for phase I and Rs.276.00 lakhs for the whole modernisation programme was revised to Rs.114.11 lakhs and Rs.324.43 lakhs respectively in December 1988. This was further revised to Rs.101.70 lakhs and Rs.497.89 lakhs respectively subsequently. The actual expenditure incurred on Phase I amounted to Rs.86.29 lakhs till June, 1989.

2.2.4 Though it was expected that the modernisation work of phase I would be completed and commercial production started by 1st December 1988, the work was mechanically completed only on 30th June 1989 and commercial production commenced on 30th September 1989. The Management reported [January 1992] that the work on modernisation of M3 moulding machine was taken up as phase II, in the first quarter of 1991-92.

2.2.5 For phase I modernisation, the Company imported [July 1988] on a single tender basis, from M/s. Mitsui & Co., two sets of programmable logic controllers and four sets of pulse control motors by air [c.i.f. cost Japanese Yen 3,560,000=Rs.3.84 lakhs]. Adding customs duty [Rs.6.01 lakhs] fine paid to customs [Rs.0.25 lakh] for the import without proper import licence, demurrages paid [Rs.0.09 lakh] for delay in clearance and consultant's fee [Rs.0.15 lakh], the total cost came to Rs.10.34 lakhs. As against this, the price of indigenous equipment was Rs.1.54 lakhs only [price charged by M/s.Multitech Equipments, Thane in another supply to the Company]. The imported items, although obtained (May 1989) through air [at an extra air freight of Rs.0.23 lakh as compared to sea freight], have not been installed but kept as spares for future use.

2.2.6 For the modernisation project, the company got sanctioned [August 1988] a loan of Rs.150 lakhs from Industrial Finance Corportion of India [IFCI]. Of Rs.150 lakhs sanctioned, Rs.75 lakhs was drawn from IFCI on 30th December 1988 and Rs.60 lakhs on 28th March 1990. The Company deposited the entire first drawal of Rs.75 lakhs in short term deposits with a bank upto 28th February 1989 and a reduced sum of Rs.61 lakhs from 3rd April 1989 to March, 1990. The second drawal of Rs.60 lakhs was also deposited in short term deposits from April 1990 to date [December 1990]. The drawal of the loan from IFCI [at 11.5/12.5 percent interest] and keeping the amount in short term deposit accounts resulted in a net extra interest charge of Rs.3.75 lakhs upto 31st March 1990. Besides, the Company was paying commitment charges at the rate of 0.5 percent/0.25 percent for the undrawn balances of the loan from time to time and the amount thus paid upto 31st December 1990 amounted to Rs.0.45 lakh. As per the terms of the loan, the company was to furnish Government guarantee to IFCI for the loans. In the absence of guarantee from the Government, the Company had given bank guarantee to IFCI, involving a commission payment of Rs.3.40 lakhs to the Bank upto 29th December 1990. The company also paid (December 1990) Rs.3.24 lakhs towards guarantee commission for the extended period of one year from 30th December 1990. It seems that much of these additional items of expenditure could have been avoided, had a proper asssessment of the resources of the company been made.

2.2.7 Reduction in manpower, one of the main benefits to be derived from the modernised plant has yet to be achieved (March 1991).

2.3 Diversification

2.3.1 The Company, as part of its diversification programme, took up projects for manufacture of Copper-T [IU Device], surgical gloves and other projects which are under various stages of consideration and implementation. The present stage of two of these projects, where some initial action has been taken, is given below :

2.3.2 Copper-T Project

The feasibility report [December 1988] envisages the establishment of a plant with a capacity of 4 million pieces of Copper-T, [types 200B and 380A] at Akulam, Trivandrum at an estimated cost of Rs.492 lakhs. The Ministry cleared the project in May 1989 and the collaboration agreement with M/s.Finishing Enterprises Inc., USA was signed in July 1989. The Company got the land for the project from the State Government in August 1988. Construction work is in progress (January 1992). An expenditure of Rs.120.52 lakhs was incurred upto January 1992.

2.3.3 Surgical Gloves Project

The Company took up the project with a capacity of 50 M.Pcs per annum in technical collaboration with M/s. Handee Engineering and Consultancy Services, Malaysia, at a total cost of Rs.192.95 lakhs, which was revised (December 1990) to Rs.244.16 lakhs. A letter of intent from Government was obtained in June 1989. A total expenditure of Rs.80.09 lakhs was incurred upto January 1992, mainly on civil works. The company reported to Government in October 1990 that the imported machines were expected to be installed in December 1990. The machines were received and erection work completed in September 1991. The plant has not been commissioned so far [January 1992].

2.4 Transfer of condom manufacturing technology

2.4.1 A proposal for the transfer of technology for the manufacture of condoms to M/s. Polar Latex Ltd., (Polar Industries Ltd.) Calcutta for a consideration of Rs.105

lakhs towards technical know-how fee, detailed engineering services and erection and commissioning and in addition a royalty at 4 percent of the total sales turnover for the initial period of five years was placed before the Board of Directors in September 1988. As the proposal meant transfer of technology received from M/s. Mitsui from 1968, the Board took legal opinion and cleared the proposal in January 1989.

2.4.2 On 9th February 1989, the Company entered into an agreement with M/s. Polar Latex Ltd., to transfer the technical know-how, basic engineering and other technical services, including training of the staff, for a total consideration of Rs.52.50 lakhs (Rs.50 lakhs for technical know-how fee and Rs.2.50 lakhs for assisting in the preparation of detailed project report). The benefit forgone in the agreement as compared to the original proposal, was Rs.183 lakhs including Rs.128 lakhs towards royalty calculated at an average selling price of Rs.40 per 100 pieces. The Management explained [July 1990] that since they received the technology from M/s. Mitsui in 1968 for a consideration of Rs.21 lakhs only (at 1989 rate) without payment of royalty, the reduction in the fees in this case was made. However, while seeking approval of the Board of Directors for ratification of the agreement in March 1989, the Board was not appraised specifically of (i) the reduction made in the fees from Rs.105 lakhs mentioned in the original proposal and (ii) of non-collection of royalty.

2.4.3 The project is under implementation by M/s, Polar Latex and the Company collected Rs.40.50 lakhs upto May 1991 towards the fees due from them.

3. PRODUCTION PERFORMANCE

3.1 Production Process

3.1.1 In the manufacture and packing of condoms, five distinct stages are involved. They are

[i] Compounding where the latex is compounded with chemicals and compounded latex allowed to age;

[ii] moulding, where the compounded latex is moulded into condoms;

[iii] vulcanising the moulded condoms;

[iv] inspection for visual defects like twisted edge rolling, scratches etc. and testing for pin-holes and

[v] packing in wallets, cartons etc.

3.2 Capacity utilisation

3.2.1 The plant-wise capacity utilisation for the last 5 years is given below :

i] Trivandrum old plants

Year	Installed Capacity [in million pieces]	Actual Production (F.P.Stage)* [in million pieces]	Percentage of actual production to installed capacity
1986-87	288	273.68	95.0
1987-88	288	230.57	80.1
1988-89	288	256.50	89.1
1989-90	288	284.34	98.7
1990-91	288	302.24	104.9

[* After Pin-hole testing]

The comparatively lower production in 1987-88 and 1988-89 was attributed to more wastages and rejections due to higher incidence of breakdowns [in 1987-88] and modernisation work carried out in one of the four lines of production [during December 1988 - September 1989]. In subsequent periods the production was very satisfactory.

ii] Trivandrum new plant

The plant was commissioned in August 1986.

Year	Installed Capacity	Actual Production [F.P.stage]*	Percentage of actual production to installed capacity
	[in million pieces]		
1986-87	107@	85.16	79.6
1987-88	160	143.60	89.8
1988-89	160	136.56	85.4
1989-90	160	157.03	98.1
1990-91	160	145.40	90.9

[* After pin-hole testing
@ Proportionate to the period after commissioning]

The lower production in 1986-87 was attributed to teething troubles after commissioning. Decline in production in 1990-91 was attributed to shutdowns for maintenance.

iii] Belgaum Plant

The two lines of the plant went into commercial production on 28th March 1987 and on 16th May 1987.

Year	Installed Capacity	Actual Production [F.P.stage]*	Percentage of actual production to installed capacity
	[in million pieces]		
1987-88	150@	82.69	55.1
1988-89	160	153.45**	95.9
1989-90	160	166.60	104.1
1990-91	160	158.85	99.3

[* After pin-hole testing
@ Proportionate to the period after commissioning of the two lines.
** Exclude pieces transferred from Trivandrum unit]

During 1987-88, only one out of two pin-hole testing machines was available in the unit. The second machine intended for the unit was diverted to Trivandrum in January 1987, but a substitute machine was purchased and installed in Belgaum only in June 1988. As a result, production in

Belgaum was affected in 1987-88. Drop in production in 1990-91 was attributed to shutdowns for maintenance.

3.3 As per collaboration agreement entered into with M/s. Mitsui & Company in September 1984 the two new units would have a guaranteed capacity of 164.60 M.Pcs. p.a. of thicker variety [0.05-0.07 mm]/147.48 M.Pcs. p.a. of thinner variety [0.03-0.04 mm] each. It was also mentioned therein that each unit was capable of producing 144 M.Pcs. p.a. without mentioning the variety. Since the entire machinery for the two new units was meant for producing thinner variety, [0.03 - 0.04mm] only, it is not clear why the collaboration agreement mentioned about the thicker variety also. Further the mention of 160 M.Pcs in the agreement without mentioning thicker/thinner variety is not clear. The project report prepared in June 1986 on the basis of the collaboration agreement mentions the capacity as 163.4 M.Pcs [rounded to 160 M.Pcs] p.a of thinner variety. The Ministry's note dated 25th June 1986 put up to Public Investment Board also specifically mentions the production capacity as 160 M.Pcs p.a. of thinner variety. On the basis of the project report and Ministry's note, the capacity of the new units has been adopted as 160 M.Pcs p.a. in the preceding paragraph, as against 144 M.Pcs p.a. claimed by the Management. Further, since production in Belgaum plant has exceeded 160 M.Pcs., while in Trivandrum new plant, it has neared that figure in 1989-90, adoption of the capacity as 144 M.Pcs. may not be incorrect.

3.4 Rejections and Wastages

3.4.1 The norm fixed by the Management for rejections and wastages upto F.P. stage of production in the Trivandrum old plant is 19 percent. The design norm for the new plants at Trivandrum and Belgaum is 10 percent upto F.P.stage. The actuals for the last 5 years are given below :

Unit	Norm	1986-87	87-88	88-89	89-90	90-91
			(Percentage)			
Trivandrum						
-old plants	19	22.12	22.64	22.06	14.52	13.56
-new plant	10	12.93	14.94	15.23	9.58	9.23
Belgaum plant	10	--	14.74	9.23	12.45	15.01

The Management gave (August 1989) the following reasons for the excessive rejections and wastages :

(i) Low maturity of latex

(ii) Manufacture of export quality condoms

(iii) Non-availability of experienced and skilled workers in production section.

(iv) Interruptions in power supply.

The Company has not, however, analysed the excess rejections and wastages attributable to each of the above factors.

3.4.2 In 1987-88, due to non-availability of one of the two pin-hole testing machines - [vide paragraph 3.2.1(iii)] - full production coming out of the moulding machines could not be tested and the untested condoms accumulated. Out of 52.5 million pieces thus accumulated upto May 1988, the Company stated (April 1991) that it could salvage only 41.8 million pieces, after the receipt of the second pin-hole tester in June 1988. The rest of the 10.7 million pieces valued at Rs.22.94 lakhs was a loss (computed at the cost of production of Rs.21.44 per 100 pieces). Had production been restricted in time, atleast the raw material cost of Rs.4.44 lakhs and other variable costs of the wasted 10.7 million pieces could have been saved.

3.4.3 While packing, condoms are damaged by improper functioning of the packing machines as also due to human error while feeding to the machines. Also certain visible defects which escape detection in the earlier stages of testing are detected at the packing stage and the defective pieces are eliminated.

A norm for packing rejection was fixed by the Company in June 1976 at 2 per cent of input quantity, which was 10 times the norm fixed by the Japanese collaborators in their factory. The following table shows the rates of rejections/wastages in the packing stage in all the three plants during the last five years :

Year	Input	Output	Rejections	Percentages of rejections to input
	(in million pieces)			
TRIVANDRUM PLANTS				
1986-87	351.46	342.30	9.16	2.61
1987-88	432.88	418.48	14.40	3.33
1988-89	405.61	387.78	17.83	4.40
1989-90	424.21	410.21	14.00	3.30
1990-91	428.05	416.92	11.13	2.60
BELGAUM PLANT				
1987-88	99.99	99.75	0.24	0.24
1988-89	167.66	166.53	1.13	0.67
1989-90	164.69	163.45	1.24	0.75
1990-91	168.55	166.37	2.18	1.29

The loss of revenue on account of these rejections (in excess of 2 percent) works out to Rs.55.57 lakhs for the last 5 years.

The management explained (August 1989) that a number of packing machines were very old and gave low quality performance; steps were being taken to modify all the packing machines in order to improve their performance.

3.4.4 The condoms are subjected to testing by Inspector General of Supplies (IGS) at F.P.stage and packing stage in order to ensure that the quality of condoms is in conformity with the standards laid down in the Drugs and Cosmetic Rules, 1965. The loss on account of I.G.S. rejections at F.P.stage during the four years ended 1988-89 amounted to Rs.2.79 lakhs, while the loss at the packing stage amounted to Rs.9.11 lakhs. There were no I.G.S.rejections in 1989-90.

3.5 Consumption of materials

3.5.1 Latex

3.5.1.1 The feasibility report envisaged a requirement of 2,00,000 Kgs. of latex (dry rubber content) for producing 144 million pieces of thicker type condoms (thickness 0.06 - 0.07 mm) or 1389 Kgs. per million pieces in the old plant. This norm was, however, raised to 1632 Kgs. after a study made in May 1985. The actual consumption during the last 5 years was well below the revised norm of 1632 Kgs. as shown below :

	Consumption of latex in Kg per million pieces
1986-87	1613
1987-88	1572
1988-89	1501
1989-90	1246
1990-91	1153

The above figures would show that the revised norm has been fixed at a much higher level. There seems to be a case for lowering the norm, especially in view of the lowest consumption of 1153 Kgs. achieved in 1990-91.

3.5.1.2 As regards the two new plants at Trivandrum and Belgaum, the Company fixed a consumption of 900 Kgs. of latex for producing one million pieces of thinner type condoms. The actual consumption of latex per million pieces and the value of excess consumption upto 1990-91 are indicated below:

Year	Trivandrum		Belgaum		
	Actual consumption (in Kgs.)	Value of excess consumption (Rs.in lakhs)	Actual consump-tion (in Kgs.)	Value of excess consumption (Rs.in lakhs)	
1986-87	937	0.86	--	--	Plant production commenced in 87-88 in Belgaum.
1987-88	975	2.94	1553	14.73	
1988-89	969	2.94	896	--	
1989-90	920	1.19	753	--	
1990-91	888	--	832	--	
		7.93		14.73	

The Management attributed (July 1990) the excess consumption to the initial stages of production and production of condoms of different specifications warranting plant trials and higher consumption of latex.

3.5.2 Other Materials

3.5.2.1 In respect of aluminium foils for packing the condoms and fuel oil for boilers, there has been excess consumption over the five years ended 1990-91, as indicated below. The details of consumption are given in **Annexure I and II.**

		Year in which excess consumption noticed	Value of excess consumption (Rs. in lakhs)
a)	Aluminium foils	1986-87 1987-88 1989-90 1990-91	19.16
b)	Fuel Oil	All the 5 years	39.35

The Ministry stated (April 1991) that most of the commercial brands were introduced from 1985 onwards and that stabilisation of consumption took place gradually. The consumption came down as may be seen from the annexures. The Ministry's reply is not tenable since the feasibility report did not envisage any stabilisation period for consumption of materials. Further, there was no steady declining trend in consumption.

3.6 Excess Capacities

3.6.1 Excess capacities in certain categories of machines are noticed as detailed below :

3.6.1.1 Vulcanising machines :

There were 12 vulcanising machines in the old plant at Trivandrum, each capable of vulcanising 45.62 million pieces of moulded condoms per year, accounting for a total vulcanising capacity of 547.44 million pieces as against the moulding capacity (4 machines) of 343.20 m.pcs. This excess capacity was not taken into consideration during the implementation of the expansion scheme when 8 more vulcanising machines were procured for the new plants in Trivandrum and Belgaum raising the total vulcanising capacity to 912 million pieces per annum, as against the total moulding capacity of 694.6 million pieces in all the three plants.

3.6.1.2 Pinhole testing machines :

There were four automatic pinhole testing machines for a total capacity of 456.20 m.pcs as against a moulding capacity of 343.20 m.pcs. in the old plant at Trivandrum.

Taking into consideration this surplus capacity, the purchase of only one testing machine with a capacity of 99.66 m.pcs. for the Trivandrum new plant was envisaged in the DPR. However, two testing machines (capacity of 99.66 m.pcs. each) were purchased and installed in the new plant. Thus, the total testing capacity available at Trivandrum is 655.52 m.pcs. as against the total moulding capacity of 518.90 m.pcs. for both the old and new plants at Trivandrum, leaving an excess testing capacity of 136.62 M.pcs.

3.6.1.3 Packing machines:

There were 61 packing machines in all the three plants put together having a total capacity of 1214.100 M.pcs. (as on 31st March 1989) as detailed below :

Plant	Description	No. of Machines	Capacity per machine (in m.pcs.)	Total Capacity
Trivandrum (Old)	American square packing machine	1	52.8	52.8
	Indigenous packing machine	32	16.8	537.6
Trivandrum (New)	Deluxe type packing machine	14	22.275	311.85
	Square packing machine	3	22.275	66.825
Belgaum	Deluxe type packing machine	11	22.275	245.025
	Total	61		1214.100

As against the total production capacity of 608 m.pcs. of condoms per year, the company had packing capacity of 1214.100 m.pcs., which was double the production capacity.

With the idea of utilising the excess packing capacity in the old plant for the production in new plant at Trivandrum, the DPR did not envisage acquisition of new machines for the new plant there. It proposed purchase of 10 machines for the Belgaum plant only. However, a total of 28 packing machines was purchased upto 31st March 1989. This has added to the excess capacity already available in Trivandrum. Further, in 1989-90, one packing machine from Korea (cost Rs.11.25 lakhs) and 10 packing machines from indigenous suppliers (Rs.8.70 lakhs) were also procured. These have pushed up further the excess capacity in these machines.

In the reply forwarded by the Ministry (April 1991) the management stated that in order to improve the quality in packing and to reduce the wastages in packing, it was tentatively decided to run the packing section on single shift basis. In that situation, the company should have additional packing machines. The additional machines were purchased to replace the old ones also.

Packing section is still run on double shift basis. The reasons for not implementing the decision to run them on single shift basis have not been clarified.

3.7 Cost of production

In view of the higher capacity utilisation, lesser consumption of latex and rejections (1988-89) and lesser manpower in Belgaum plant as compared to the identical plant at Trivandrum, the cost of production of various brands of condoms at Belgaum has been less than that at Trivandrum, as may be seen from the figures for 1988-89 to 1990-91 given below :

Cost of production per 100 pieces in Rupees

	1988-89		1989-90		1990-91	
	Belga-um	Trivan-drum	Belga-um	Trivan drum	Belg-aum	Triv drum
Ordinary (Free supply)	24.95	30.95	28.05	30.57	30.58	36.65
3's Pack	27.73	33.75	33.75	34.58	35.99	42.38
Deluxe	29.54	35.30	32.73	35.30	38.09	42.99
Super Deluxe	32.68	37.57	36.13	37.75	40.86	45.28

4.1 MARKETING

4.1 Sales Performance

4.1.1 The products of the company fall into two broad categories viz.,

i) thicker condoms known as conventional variety of condoms intended for Government supplies, and

ii) thinner condoms intended for both Government supplies and other sales called `direct sales' by the company.

4.1.2 The sales to the Government of India are made under the free supply and subsidised commercial supply scheme. In the former scheme, the condoms are distributed free of cost to the actual users through Primary Health Centres, health workers, etc. while in the latter, condoms are sold at subsidised prices through a net work of outlets of the public sector oil companies and a number of private sector companies

4.1.3 The total sales made by the company (excluding sales out of imports) during the five years upto 1990-91, also indicating the scheme-wise sales to the Government of India and direct sales are indicated in **Annexure III**

4.1.4 It may be seen from the Annexure that bulk of the sales are made to Government under the free supply and subsidised commercial supply schemes. Orders placed by Government for supply of condoms with HLL and other manufacturers of condoms in the country in relation to their installed capacities during the years 1989-92 are stated to be as under :

(in Million pieces)

	HLL			Other Manufacturers		
Year	**Installed capacity**	**Total orders**	**Per--centage of 3 to 2**	**Installed capacity**	**Total orders**	**Per-centage of 6 to 5**
1	**2**	**3**	**4**	**5**	**6**	**7**
1989-90	608	532	88	425	315	74
1990-91	608	514	85	425	354	83
1991-92	608	608	100	585	366	63

It will be seen that as far as HLL is concerned, its entire installed capacity is now required for meeting Government orders alone pointing out the need for expansion of capacity to improve its share in the market.

4.1.5 It may be seen from the annexure that direct sales, consisting mainly of thinner varieties, is comparatively small. The DPR for the new units envisaged direct sales/export of thinner condoms to a considerable extent, but the actuals in this respect were meagre upto 1988-89 and about 41 percent and 74 percent of the envisaged direct sales/exports in 1989-90 and 1990-91 respectively, as shown below :-

[in million pieces]

Year	Expected Direct sales/export as per DPR	Actual direct sales/export
1986-87	40.0	0.16
1987-88	71.5	0.26
1988-89	77.5	3.79
1989-90	83.0	33.86
1990-91	89.5	66.40

From the table it can be seen that it is in this high value area the Company has not been able to make sizeable inroad for improving its market share.

4.1.6 One of the Company's earlier attempts to venture into direct market resulted in failure due to inadequate marketing strategy and publicity. This point was brought out in Paragraph 16 of Audit Report, Part IX, Union Government (Commercial), 1987 commenting on the loss incurred of Rs.35.20 lakhs. Similarly, a proposal made in 1983 for sale of imported coloured condoms as a prelude to the marketing of their own products after the new plants went on stream also failed vide paragraph 8.2.

4.1.7 The Management stated (January 1992) that they had exported about 65.10 M.Pcs. of condoms as against the DPR target of 89.5 M.Pcs. during the year 1990-91 and that there were plans for export of condoms to the United States, Europe, Africa etc. in the coming years.

4.2 Fixation of selling prices

4.2.1 The prices of the supplies to the Government are fixed in the rate contracts concluded with D.G.S.&D.. usually for a period of one year from 1st of July to the 30th of June of the next year. D.G.S.&D periodically invites tenders and based on the tenders received and subsequent negotiations, the rates are finalised and rate contracts concluded. Although the cost of production of thinner variety is higher than the thicker ones, the same price is fixed by D.G.S.&D for both the varieties. The cost and sale price for 1987-88, 1988-89, 1989-90 and 1990-91 are given below.

			Rs. per 100 pieces
	Cost of Production		Sales Price
	Thicker	Thinner	
1987-88	26.32	32.83	32.00
1988-89	26.00	27.95	34.25
1989-90	26.82	29.31	34.25/38.60
1990-91	31.60	33.61	40.55

As for direct sales, sales prices are fixed with reference to market conditions.

4.3 Avoidable payment of commission to agents

4.3.1 Two cases of engagement of agents, which were not warranted, are discussed below:

4.3.1.1 Export to USSR

The Company received trade enquiries for export of 50 million pieces of condoms to USSR through Companies `A" and "B" in September 1988 and December 1988 respectively. Company `A" arranged the visit of a Soviet official to the company's plant at Trivandrum and the company furnished [December 1988] the required information directly to the USSR authorities. But in January 1989 the company appointed Company "C" at Madras who had not made any efforts to get orders from USSR,, as their agent for the export to USSR. The basis on which this firm was appointed as agent is not known. During April to July 1989, 4 consignments totalling 15 million pieces were exported to USSR. Further orders were received from USSR and the company supplied a total of 97.3 M.Pcs., [including the initial 15 M.Pcs.] upto August 1990. Company "C" was paid a total commission of Rs.21.89 lakhs on these exports at 5 percent of order value. In this more or less Government to Government transaction, it is not clear why the appointment of an agent was necessary.

It was mentioned in the DPR for the new plant that the lowest selling price quoted in the international market in 1983 was Rs.1.35 per condom. But the DPR assumed a lower price of 80 paise per condom for working out the viability of the new plants. In the export sales to USSR mentioned above the price realised was 47 paise per condom for the first 32.3 M.Pcs and a reduced price of 44 paise for the later supply of 65 M.Pcs. Thus, the company has not realised the projected price of 80 paise [of the DPR] even with the appointment of agent. On the other hand, the price was reduced from 47 to 44 paise for the later shipments to USSR. The Ministry stated (April 1991) that even though STC/MMTC were contacted earlier, no order could be finalised and hence the Company was forced to recruit outside agencies for getting export orders. It was also stated that at the time of quoting the price for the exports the incidence of agency commission had also been reckoned. The reduction in price was stated to have been made due to stiff competetion in the international market.

4.3.1.2 Supply to State Trading Corporation

As part of India-aid package to Mozambique arranged by the Government of India, the company offered to supply "Moods" brand condoms to the Ministry of Commerce in December 1987 and later to the State Trading Corporation of India [STC] in February 1988 as STC was entrusted by that time with the responsibility of procuring different materials for the aid package by the Ministry of External Affairs. In finalising the deal with STC, the company associated a private firm "D" of New Delhi and paid a commission of Rs.0.90 lakh to them in July 1988 for the supplies made to STC. In view of the fact that the company was maintaining a liaison office at New Delhi primarily meant for such inter governmental liaison work, payment of commission to a private firm in a transaction purely between two Public Sector Undertakings was avoidable.

The Management stated (November 1988) that the private firm "D" was instrumental in the Company getting order from Government of India/STC and that the Company had no other agency in Delhi with marketing expertise in import and export business. The reply is not tenable since the trade enquiries/orders were received directly by the Company without any efforts on the part of the agents.

5. MANPOWER

5.1 Man-power Position

5.1.1 The table below summarises the man-power position of the company as at the end of five years upto 1990-91.

Year	Numbers
1986-87	1207
1987-88	1584
1988-89	1615
1989-90	1685
1990-91	1817

The main reason for the increase in manpower in 1987-88 was the commissioning of the new plants at Trivandrum and Belgaum.

5.1.2 On account of the expansion of Trivandrum plant and setting up of a new project at Belgaum, the management and unions felt the need for carrying out a work study to assess the man-power requirement and job evaluation. Accordingly, a study by the National Productivity Council [NPC] was arranged during July-November 1985. As the report of NPC based on the study was not acceptable to the unions of Trivandrum plants, NPC conducted a revised study in respect of the Trivandrum plant. The DPR for the new plants also assessed the manpower requirement for the old plant. The requirement of manpower as assessed by NPC, as envisaged in the DPR and actuals as on 31st March 1991, in all categories of staff and workers, excepting managerial, for old and new plants at Trivandrum and at Belgaum were as follows.

	Trivandrum [Nos.]	Belgaum [Nos.]
As assessed by NPC [revised report]	1131	495
As per DPR	1065	324
Actuals as on 31st March 1991	1329	310

5.1.3 Management stated [July 1990] that since Belgaum project was new, higher productivity was insisted upon and hence less staff were employed.

5.2 Overtime payments

5.2.1 The table below indicates the overtime allowance paid during the period 1986-1991.

Year	Trivandrum	Belgaum	Registered Office	Total
		[Rupees in lakhs]		
1986-87	55.27	---	0.53	55.80
1987-88	10.92	0.83	0.96	12.71
1988-89	5.70	0.19	0.71	6.60
1989-90	6.70	1.45	0.86	9.01
1990-91	8.05	2.47	1.15	11.67

Note : Production in Belgaum Plant started in 1987-88 only.

Payment of overtime wages was very high in 1986-87. It came down thereafter but has not been fully eliminated in spite of excess man-power at Trivandrum.

The company stated in its reply forwarded by the Ministry in April 1991 that the overtime was paid at present only in those sections where it could not function without a minimum man-power, when the allotted person was absent.

6. WORKING RESULTS

6.1. The table below summarises the working results of the Company for the five years ended 31st March, 1991.

(Rs. in lakhs)

	1986-87	87-88	88-89	89-90	90-91
a. Income					
i) Sales	1127.21	1868.33	2140.02	2481.73	2781.27
ii) Other income	6.30	19.73	37.12	46.15	122.19
iii) Accretion to closing stock	22.18	186.82	(38.46)	(40.49)	(13.10)
Total (a)	1155.69	2074.88	2138.68	2487.39	2890.36
b. Expenditure					
i) Cost of materials salaries,power etc	907.64	1411.10	1443.72	1682.33	2075.91
ii) Depreciation	147.56	275.09	274.62	294.24	320.95
iii) Interest	47.09	162.32	148.53	145.59	113.99
Total (b)	1102.29	1848.51	1866.87	2122.16	2510.85
Operating Profit (a - b)	53.40	226.37	271.81	365.23	379.51
Less: Adjustment relating to prior years (net)	7.23	20.02	2.16	8.03	121.21
Transfer to investment allowance reserve	381.20	--	6.69	26.03	--
Provision for taxation	--	32.50	42.47	60.34	(17.45)
Net Profit/(Loss)	(335.03)	173.85	220.49	270.83	275.75

6.2 The spurt in profits since 1987-88 was due to increased production and sales after the commissioning of two new plants and increase in selling prices for Government supplies.

6.3 During the twenty two years of working of the company from 1969-70 to 1990-91, the Company earned profits totalling to Rs.1578.83 lakhs [before tax and allocation to investment allowance reserve] in 17 years and suffered losses amounting to Rs.87.57 lakhs in the remaining 5 years. The net worth of the company as on 31st March 1991 was Rs.2290.60 lakhs, made up of paid up capital of Rs.1257.50 lakhs and reserves and surplus [after deducting miscellaneous expenses] of Rs.1033.10 lakhs.

6.4 Dividends

The company has so far paid to Government dividends ranging from 2 percent to 10 percent, amounting to Rs.180.00 lakhs, in 9 out of 22 years since the old plant commenced commercial production in 1969-70, as indicated below :-

Year	Amount of dividend [Rupees in lakhs]	Percentage of dividend
1972-73	2.80	4.0
1973-74	2.80	4.0
1981-82	6.50	5.0
1982-83	13.00	10.0
1983-84	13.00	10.0
1985-86	16.15	2.0
1988-89	37.73	3.0
1989-90	44.01	3.5
1990-91	44.01	3.5

Total	**180.0**	

7. Internal Audit

7.1 The present functions of the Internal Audit Department are restricted to routine checking of paybills, leave accounts and purchase orders, apart from stock verification; utilisation of capacity, production, sales, capital expenditure, etc. are not covered by Internal Audit. The transactions of the registered office and Belgaum unit of the company are also not audited by the Internal Audit. The inadequacy of the internal audit organisation with reference to the size and value of the business of the company has regularly been pointed out by the statutory auditors in their annual reports without evoking any concrete action on the part of the management so far.

7.2 The company stated in its reply forwarded by the Ministry in April 1991 that the internal audit department had been reorganised and the functioning of the department had been scientifically modified after conducting a study by an experienced Chartered Accountant.

8. OTHER TOPICS OF INTEREST

8.1 Procurement of Latex

8.1.1 The Company has been procuring latex from two private sources viz. M/s. Season Rubbers, Kottayam and M/s.Kurian Abraham, Nagercoil. With the commissioning of the new plants in Trivandrum and Belgaum, the company felt the need for procurement of latex in larger quantities at competitive rates from other sources also and identified in 1987-88 a third source **viz**. The Rehabilitation Plantations Ltd., Punalur, a joint venture of Government of India and Governemnt of Kerala.

8.1.2 However, the private suppliers accounted for the major portion of the supplies. Further, the price paid to private suppliers was higher than the price paid to Rehabilitation Plantations Ltd. upto 1988-89. Also, while the price paid to private suppliers in 1988-89 was more than that of 1987-88, reverse was the case in respect of the Rehabilitation Plantations Ltd., as indicated in the table below :-

Sl. No.	Source of supply	Year	Price of latex per Kg. Rs. P.	Quantity procured /ordered [Tonnes]	Value [Rs.in lakhs]
1.	M/s.Season Rubber	1987-88	16.51	523.8	86.48
		1988-89	18.19	629.0	114.42
		1989-90	21.37	392.8	83.95
2.	M/s. Kurian Abraham	1987-88	16.36	200.8	32.85
		1988-89	18.19	419.0	76.22
		1989-90	21.37	392.3	83.83
3.	The Rehabilitation Plantation Ltd.	1987-88	15.67	235.7	36.94
		1988-89	15.15	262.0	39.69
		1989-90	21.37	155.7	33.28

8.1.3 The Management stated [January 1989] that eventhough the latex supplied by Rehabilitation Plantations Ltd. was of ISI quality, it has to be further processed by adding certain chemicals to make it suitable for manufacture of condoms and that this accounted for their lower prices upto 1988-89. As the extra expenditure incurred in this repect has not been worked out, it is not known whether prices paid to private suppliers upto 1988-89 were reasonable. In 1989-90, the price paid to all the three suppliers was the same. It is not known whether this is due to improved quality of supplies from M/s. Rehabilitation Plantations Ltd. In this connection details regarding the total quantity purchased from each of the three suppliers, rejections and acceptance thereof for the last 3 years called for from Management in November 1990 for a further analysis of the purchases, are awaited [January 1992].

8.2 Proposal for sale of imported coloured condoms

8.2.1 In June 1983, the company decided to enter into the open market by introducing branded varieties of condoms in view of the fact that the company was then contemplating the establishment of new plants for augmenting the production capacity. Initially, the company wanted to import coloured, thinner, unpacked condoms from Japan and pack and release them for commercial sales throughout the country, as a prelude to the marketing of their own products after the new plants went on stream.

8.2.2 Accordingly, based on tenders called for in August 1983, the company placed [November 1983] orders on M/s. Metro Exporters [Pvt.] Ltd., Bombay for the supply of 10 M.Pcs. of imported thin multi-coloured unpacked condoms at Rs.25/- per hundred pieces initially. Simultaneously, the company started procuring packing materials and engaged an advertisement agency at Bangalore for the advertisement and sales promotion of these condoms.

8.2.3 As per the contract, the condoms should conform to the standards laid down in Schedule 9 of Drugs and Cosmetics Rules 1945 and for this they should produce necessary test report from CIPL, Gaziabad. The suppliers could not get clear test report from the Institute for the condoms proposed for supply and hence the company cancelled the purchase order in January 1985 and abandoned the proposed lauching of imported condoms under the brand name `MOODS'. The company incurred an expenditure of Rs.15 lakhs towards procurement of packing materials and sales promotion activities and had committed to a further expenditure of Rs.8 lakhs on this programme.

The Management stated [July 1990] that the condoms did not go through CIPL tests successfully and that this was the main factor for the failure of the programme and that this was beyond their control.

8.2.4 It, however, seems that the company before placing orders on the suppliers could have obtained samples from them and subjected them to tests by CIPL. If this had been done, the expenditure could have been avoided.

P K Sarkar

(P.K. SARKAR)
Deputy Comptroller and Auditor General (Commercial)-cum-Chairman, Audit Board

New Delhi
The 25 JUN 1992

Countersigned

(C.G. SOMIAH)
Comptroller and Auditor General of India

New Delhi
The 25 JUN 1992

ANNEXURE I (Vide Para 3.5.2.1)

Consumption of Aluminium Foil

Year/ Scheme	Packed Quantity (M.Pcs.)	Requirement of foils per M.Pcs. (Kgs.)	Total Requirement (Kgs.)	Actual Consumption of foils (Kgs.)	Excess Consumption (Kgs.)	Price/ Kg. of foils (Rs.)	Value Consumption (Rs. in lakhs)
1986-87							
Free Supply	181.4064	346	62,767				
Commercial Supply	83.0431	379	31,474	1,41,004	21,461	66.40	14.25
Direct Sales	77.8508	325	25,302				
			1,19,543				
1987-88							
Free Supply	220.2649	346	76,212				
Commercial Supply	170.4133	379	64,587	1,82,432	--	78.30	--
Direct Sales	141.3086	325	45,925				
			1,86,724				
1989-90							
Free Supply	373.8829	346	1,29,364				
Commercial Supply	77.2066	379	29,261	2,02,073	3,585	93.44	3.35
Direct Sales	122.5784	325-350	39,863				
			1,98,488				
1990-91							
Free Supply	300.5270	346	1,03,982	2,00,857	1,492	104.50	1.56
Commercial Supply	64.1389	379	24,309				
Direct Sales	218.6226	325-350	71,074				
			1,99,365				19.16

ANNEXURE II (Vide Para 3.5.2.1)

CONSUMPTION OF FURNACE OIL

Year	Actual Production at F.P. Stage	Standard norm for Consumption of Furnace Oil Per M.Pcs.	Standard Consumption for Actual Production (litres)	Actual Consumption of Furnace Oil (litres)	Excess Consumption (litres)	Price per litre of Furnace Oil Rs. P.	Value of Excess Consumption (Rs.in lakhs)
1986-87							
Trivandrum (Old & New)	356.89	7315	26,10,650	29,06,191	2,95,541	3.17	9.37
1987-88							
Trivandrum (Old & New)	372.97	7315	27,28,275	31,74,395	4,46,120	3.28	25.15
Belgaum	82.69	4330	3,58,048	6,78,745	3,20,697		
1988-89							
Trivandrum (Old & New)	389.99	7315	28,52,777	29,43,070	90,293	3.31	3.85
Belgaum	153.45	4330	6,64,438	6,90,450	26,012		
1989-90							
Trivandrum	441.37	7315	32,28,644	29,55,020	No excess	3.50	0.67
Belgaum	166.60	4330	7,21,385	7,40,630	19,245		
1990-91							
Triovandrum	449.66	7315	32,89,263	25,18,657	No excess	3.40	
Belgaum	169.83	4330	7,35,364	7,44,575	9,211		0.31
							39.35

ANNEXURE III (Vide Para 4.1.3)

SALES

Year	Total Sales		Sales to Government of India				Direct Sales	
	Quantity (In M.Pcs)	Value (Rs. in lakhs)	Under Free Supply Scheme	Under Subsidised commercial scheme	Total	Value (Rs.in lakhs)	Quantity (in M.Pcs.)	Value (Rs.in lakhs)
1986-87	340.43	1135.84	181.41	158.86	340.27	1134.72	0.16	1.12
1987-88	400.83	1561.06	218.64	181.93	400.57	1558.81	0.26	2.25
1988-89	536.07	2104.41	352.09	180.20	532.29	2067.13	3.79	37.28
1989-90	576.39	2481.72	380.01	162.52	542.53	2316.38	33.86	165.34
1990-91	593.01	2781.27	366.00	160.61	526.61	2485.04	66.40	296.23

ERRATA

Sl. No.	Page No.	Reference	For	Read
1.	V	3rd line	capacity off	capacity of
2.	3	last line	collabortion	collaboration
3.	5	7th line	wthinner	thinner
4.	9	17th line	old plants	old plant
5.	11	Table	old plants	old plant
6.	30	last column	value consumption	value of excess consumption
7.	31	Ist column	1990-91 Triovandrum	1990-91 Trivandrum
8.	32	8th column Figures for 1988-89	3.79	3.78