CHAPTER V
PROFILE OF SELECTED ENTERPRISES

5.1. Introduction:

In this chapter we will discuss the profile of the public enterprises we have selected. Here we will highlight on the organisation structure and objectives of the various enterprises. In this chapter however we will only deal with the non quantitative aspects of the individual enterprises.

5.2 Janakpur Cigarette Factory (JCF):

5.2.1 Introduction:

JCF, which started production during 1964, is the public sector enterprise aiming to substitute imports of cigarette. It was established in joint venture of Nepal and USSR. It has an authorized capital of Rs 30 millions, a paid up capital of Rs 40.8 millions and a total investment of over Rs 2400 laks, which makes it one of the largest enterprises in the
country. It employs about 2300 persons. It has five regional offices and 119 depots at present. Its production capacity is 42.30 Lak M cigarette per annum. It is the largest contributor to the government exchequer and its annual contribution to government coffers exceeds Rs 300 million per annum in the form of excise duties and other taxes. JCF uses both domestic and imported raw materials.

5.2.2 Objective:

a. To produce all types of cigarette, bidi, cigar, and also tobacco for pipe.

b. To produce allied or complimentary products related to cigarette, bidi, cigar or tobacco.

c. To cultivate and produce high quality tobacco and to undertake research related to those things.
d. To establish industries related and allied to cigarette, bidi, cigar or tobacco and to manufacture and modify machinery related to the industry and to establish related workshop, refineries, and foundry etc.

e. To take and give or by other ways, and dealership or distributorship, to function or make others to function as commission agent or any other type of representative.

f. To grant in full or part the expenditure incurred into the establishment and arrangement of laboratories, research facility and incentives necessary for bringing out new ways and means of improving the quality of goods produced or transacted by company, to do scientific and technical research, and to arrange teacher, expert, speeches, library etc or to arrange scholarship, prize etc. to realise above mentioned objectives.
g. For the operation of the factory, to open up branch offices or sales depot in any part of Nepal and in foreign country, grant agency or to do or make to do business.

h. To provide commission for the transaction of factory and to provide subscription and donation for the works of red cross or public or local or government organisation.

i. To provide knowledge of products and their uses to the general public through different means especially through advertisement and publicity or press and radio, publication and distribution of circular letters, books and booklets, through the means of art, culture and literature and by arranging prize, award, scholarship etc.

j. To do any other functions necessary for fulfilling the objectives of the factory.
5.2.3 Organisation:

Board of Directors

- Work Division
- Administrative Division
- Sales Division
- Financial Division
- Blending & Primary Processing
- Production
- Production Technology & Quality Control
- Plant Engineering & Maintenance
- Civil Engineering & Maintenance
- Account Management
- Purchase Section
- Internal Audit
- Planning & Research
- Publicity & Information
- Legal Section
- Task Force
- Labour Welfare
- Disposal
- Gate Office
- Security Office
5.2.4 Conclusions:

JCF is also investing its income in various other industrial activities. It has also purchased shares in Butwal Tobacco Factory. It is also going to establish a cigarette Factory at Dhangadhi. For the welfare of its employees it has established hospital, school and play ground within the premises of the Factory. The company has also provided social services and donations for various activities.

In this way JCF is heading forwards and besides producing cigarettes it is also investing in other industrial activities. Its production of cigarettes is increasing day by day. It has thus been one of the biggest contributors to the government in terms of employment and taxes. In future JCF has plans for producing new brands of cigarettes and contributing for other social services.
5.3 Birgunj Sugar Factory (BSF)

5.3.1 Introduction:

BSF is the largest sugar factory in Nepal. It was established in 1963 to substitute the imports and meet domestic demands. It has an authorised capital of Rs 100 million, a paid up capital of Rs 55.2 million and a total investment of over 120 million. It has been expanding capacity to be able to meet growing demand for sugar in the country. At present it has a capacity to crush 1500 quintal of sugarcane per day. It has plans to expand the crushing capacity to 2250 quintals per day. It also has a sugarcane farm. Besides, it has been diversifying its product range too. Along with sugar, it produces spirit and alcohol. BSF does not have a market problem but it suffers along with other sugar factories from inadequate supply of sugarcane due to inadequate and erratic supply of sugarcane, its production has fluctuated significantly. Financially, however, BSF is doing very well and proving to be a profitable venture.
5.3.2 Objective:

The main objective is to produce sugar out of the sugarcane grown in the country by the utilisation of national skill and labour so as to fulfill the sugar demand of the country and also to export in order to earn foreign currency. The main objectives can be outlined as:

a. To produce sugar to meet the national demands.

b. To substitute the import of sugar and help the country to become self sufficient in sugar.

c. To export sugar in order to earn foreign currency.

d. To provide employment opportunities.

e. To manufacture or process complementary materials or by-products of sugar and to undertake research in order to produce high quality sugarcane and encourage improved cane farming.
5.3.3 Organisation:

Chairman Cum General Manager

- Board of Directors

Deputy General Manager

Distillery Division
- Production
- Finance & Store
- Admin. & Marketing
- Transportation
- Laboratory

Deputy General Manager

Admin. Marketing Finance Cane
Division Division Division Farm
- Cane Weighing
- Administration
- Time
- Health
- Security
- Welfare

General Account

Cane Account

Engineering Production Cane Internal
Division Division Division Audit
- Mechanical Section
- Production Section
- Cane Section
- Electrical Section
- Planning Section
- Legal Section
5.3.4 Conclusions:

BSF is one of the largest and oldest sugar factory in Nepal. It is increasing its production yearly and thus helping in import substitution of sugar. Besides sugar it produces spirit and wine as well. Financially too it is doing very well and proving to be a profitable venture.

5.4 Lumbini Sugar Factory (LSF)

5.4.1 Introduction:

Lumbini Sugar Factory was established in joint venture of Nepal Government and China. It started its production from the year B.S. 2045. It Crushes 1000 metric tons of Sugarcane. It produces 12000 litres of industrial and medical alcohol. Its yearly production of sugar is 10,000 metric tons of sugar. This Factory occupies 86 bighas of land out of which 8 bighas are used to grow sugarcane seeds to be distributed to the farmers. It employs about 800 people.
5.3.2 Objective:

The main objective is to produce sugar out of the sugarcane grown in the country by the utilization of national skill and labour so as to fulfil the sugar demand and export the excess sugar in order to earn foreign currency.

The main objectives are:

a. To produce sugar and be self sufficient in sugar in the country itself.

b. To substitute sugar import.

c. To contribute in the national industrial development.

d. To cultivate sugarcane seeds for the sugarcane farmers.
5.4.3 Organisation:

Board

G.M.

Engineering  Cane  Marketing  Finance

Production  Administration  Audit

5.4.4 Conclusions:

LSF is increasing its productions yearly. It is contributing in a very big way to substitute the import of sugar in the country. Besides sugar it also produces spirit. It has also helped the country in employment generation. It has plans of further increasing its production. It has also proven to be a great contributor to the national income.
5.5 Hetauda Textile Industry (HTL)

5.5.1 Introduction:

Need for a large-scale composite textile plant has long been felt in Nepal. The successive plans and industrial policy had accorded top priority to this industry, regarding it as an important import substituting industry. As private parties were not seriously interested to undertake a large-scale textile industry, the government took the initiative to establish Hetauda Textile Industry Ltd. under public sector in 1974 with the aid from the government of People’s Republic of China. HTL started operations since 1979. It has an authorised capital of Rs 100 million, a paid up capital of Rs 43.08 million, and an investment of over Rs 178 million. It employs about 1287 persons. It has a capacity to produce 11 million meters of textile per annum. It depends substantially on imports for its raw materials.
Despite being the largest textile factory in the country, it occupies only a small market share and faces stiff competition in the market both from domestic producers as well as imports. The quality of its product, however, is rated quite good. The enterprise has however not been able to earn profit. However HTL is expected to be a profitable organisation.

5.5.2 Objectives:

The main objective of HTL are to lessen the country's imports by producing textile, to assist in the diversification of agricultural production by helping in the cultivation of cotton, and to increase employment opportunities in the country.
Some other objectives are:

a. To produce different varieties of textiles by setting up factory and exchange in marketing of these textiles.

b. To reduce textile imports by manufacturing cotton textile in the country.

c. To import necessary textile machinaries, spare parts and raw materials like cotton, chemicals and act as agent of firms dealing with these products for the benefit of the company.

d. To import cotton, chemical and other subsidiary raw materials necessary for such industries and act as an agent of the companies that supply such products.
e. To engage in cotton cultivation by itself if needed or to assist in the development of cotton cultivation activities in the country by helping related government ministries and departments and encouraging cotton growers.

f. To increase the employment opportunities in the country.

5.5.3 Organisation:

- Board of Directors
  - Executive Chairman

  - Finance
  - Sales
  - Labour
  - Administration
  - Procurement
  - Production

- Accounts
  - Finished Store
  - General Personnel Admin.
  - Store
  - General Accounts

- Weaving
- Utility
- Spinning
- Dyeing
- Maintenance
5.5.4 Conclusion:

HTL, the largest textile factory in the country is trying to help in import substitution of textile. It is also contributing to the local production of cotton within the country. Although it has not been able to earn profit it will be a profiteering industry in the near future.

5.6 Balaju Kapada Udyog (BKU)

5.6.1 Introduction:

Balaju Kapada Udyog was established in 1971 as a small textile factory in the public sector to reduce dependence on imports for the vital consumer product-textile. In January 1976, Nepal Textile Calendarsing Industry Ltd was amalgated with the company because the functions of the two company were considered complementary. According to the agreement BKU was to purchase all
the shares of Nepal Textile Calendaring Industry Ltd. and resell the shares to the former shareholders of Nepal Calendaring Industry. In effect the share holders of the liquidated company would hold their respective amount of shares in the enlarged firm of BKU. At present it is a medium size enterprise with a production capacity of 2.4 million meters per annum. It has an authorised capital of Rs 26.5 million, a paid up capital of Rs 9.3 million and an investment of about Rs 10 million. As all textile units, it also depends on imported raw materials. BKU has not been able to earn profit and financial performance has not been satisfactory thus far.

5.6.2 Objectives:

The objective of BKU is to produce cotton Textile in the country in an attempt to be self sufficient in textile products and to sale and distribute textile products and to extend
employment opportunities to the people in the country. The main objectives can however be outlined as follows:

a. To manufacture textile goods from woolen, cotton and artificial yarn.

b. To engage in such activities as to promote the quality of the textile products.

c. To give priority for the manufacture of textile products commonly used in Nepal and if necessary produce exportable textile products.

d. To increase employment opportunities for skilled workers.

e. To make necessary arrangements for the sale of its manufactured products.

f. To make use of domestic raw materials as far as practicable and import them only if necessary.
5.6.3 Organisation:

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Board of Directors
  
Managing Directors
    
Production  Finance  Administration  Personnel  Sales
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5.6.4 Conclusion:

BKU a medium sized enterprise is trying to help in the import substitution of textile in the country. Although its financial performance is not satisfactory it is hoped that this enterprise will expand and be a profiteering one in the near future.
5.7 Himal Cement (HC)

5.7.1 Introduction:

Himal Cement Company Ltd., which is an important manufacturing enterprise in the public sector, was, at the outset, initiated and sponsored as a private sector enterprise and was registered in December 1966, with an authorized capital of Rs. 80 million. At that time HMG's share in this company was limited to Rs. 10 million. But in December 1971, the company was re-registered as a public limited company in which two public enterprises, namely Nepal Industrial Development Corporation and National Trading Limited came into picture as major share holders leaving only a nominal share to a private party. Majority of shares previously owned by the private party were transfeered to these public corporations, and the private party was compensated fully. Himal cement was thus the first cement factory in the country. It had also received loan from the government of Federal Republic of Germany. It was established to help in the import
substitution of cement in the country. It has a yearly production of 1,45,832 metric ton and employs about 736 people. It is trying to increase the production of cement yearly. It has also plans for exporting the cement and thus earning foreign exchange.

5.7.2 Objectives:

The main function of the company is to manufacture Portland cement by vertical shaft kiln process. The other objectives for the establishment of HC can be outlined as:

a. Import substitution of cement.

b. Help in employment generation.

c. Meet the country's demands in cement.

d. Produce good quality cement.

e. Earn foreign exchange by exporting cement.
5.7.3 Organisation:

Board

G.M.

Procurement  Production  Marketing  Mining

Engineering  Administration  Finance

5.7.4 Conclusions:

HC is trying its best to make the country self-sufficient in cement. It has contributed in generating employment in the country. It is increasing the production of cement yearly. Although it has plans of exporting the cement, it has not been able to do so because it has not been able to meet the demands of cement within the country.
5.8 Hetauda Cement Factory (HETC):

5.8.1 Introduction:

Hetauda Cement factory was established in the year 2039 B.S. Its total establishment was made from loans obtained from various sources like Asain Development Bank (73 crores and 80 Laks), Nepal Bank Ltd. (24 crores and 30 laks) and His Majesty's government hares (20 crores and 60 laks). Its total production capacity is 800 tons daily. It employs about 1100 people. It was established with the aim to fulfil the cement demands in the country.

5.8.2 Objectives:

The main objectives for the establishment of Hetauda cement are as follows:
a. Help in the import substitution of cement.
b. Meet the cement demand in the country.
c. Help in employment generation.
d. Make use of locally available materials to manufacture cement.
e. Export excess cement in order to earn foreign currency.

5.8.3 Organisation:

Board

G.M

Procurement Production Marketing Mining

Engineering Administration Finance
5.8.4 Conclusion:

The establishment of Hetauda Cement Factory has been a leading step in the development in the country. It has been successful in fulfilling about 60% of the country's demand in cement. It uses locally obtained materials for manufacturing of cements. It has also helped the country in generating employment. Although it has not yet been able to earn profit and the financial conditions are not satisfactory but the losses are decreasing yearly. It is also hoped that within a few years it will be one of the profiteering industry in the country.