CHAPTER 3

GROWTH AND ORGANISATIONAL STRUCTURE OF THE SCI
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"GROWTH AND ORGANISATIONAL STRUCTURE OF THE SCI"

The subject matter of the preceding chapter was the objectives of the study and the conceptual framework of the study: dealt with the concepts of financial performance and suitable parameters of financial performance for critical analysis and evaluation of the performance were enumerated. The chapter also presented the hypothesis, research methodology & research design including the review of literature available on the subject. The present chapter will critically examine the growth and organisational structure of the SCI.

The birth of the shipping corporation of India is a result of a tragic history of Indian shipping in the British period. The British Government favoured and made all possible helps to develop the British Shipping Companies and showed hostile and unsympathetic attitude towards Indian Shipping. During this period all the shipping companies except few, met to liquidation due to delay and harrass and high and undue charges were realised from Indian Shipping Companies. Flag discrimination was made and Indian Ships were not allowed to go to British
oceans. To see this meagre position of Indian Shipping, various committees were set up to improve and to develop the position of Indian Shipping, because it helps in developing home trade and industries, ensures mobility of goods, reduces dependence on foreign trade, strengthens national defence, protects home industries and saves foreign exchange.¹

In November 1945, the post War-Reconstruction Policy Sub-Committee on Shipping was appointed by the central Government under the Chairmanship of C.P. Ramaswami Aiyer to go into whole question of shipping. The sub-committee submitted its report on April 2, 1947. The Committee made thorough study of past history of shipping and concluded that it had been a tragic tale of broken promises, unredeemed assurances and neglected opportunities.

The committee submitted a new policy with a new outlook for the development of Indian Shipping. The recommendations were of far reaching importance and became the back bone of the future policy of development of

shipping in India. The sub-committee of the Reconstruction Policy had recommended that:

The objective of future Indian Shipping Policy should be to reserve the entire coastal trade for Indian Shipping and to secure an adequate share of the trade with other countries.

During the next five to seven years the target to be achieved should be:
- 100 percent of the purely coastal trade in India.
- 75 percent of India’s trade with Burma and Ceylon and the geographically adjacent countries.
- 50 percent of India’s distant trades and
- 30 percent of the trades formerly carried in axis vessels in the Orient.²

For achieving the above largests, the Sub-committee assessed that India would need shipping tonnage of about two million gross tons. These recommendations were accepted by Government and in its policy statement issued in 1947 announced its intention of assisting Indian Shipping to the maximum extent possible in order to achieve the aforesaid

targets. With this objective in view and for ensuring a quicker development of Indian Shipping, Government decided to take active and direct participation in the shipping industry along with the other private enterprises.

As a result of this decision, a scheme was formulated in 1948 for setting up three shipping corporations in the public sector. It was contemplated that each of these corporations would be incorporated with an authorised capital of Rs.10 crores, out of which 51 percent to be subscribed by the Government, 26 percent by an existing private shipping company and 23 percent by the public, but if the public would fail to subscribe, the Government would take.  

The first public sector shipping corporation was established in 1950 under an agreement with the Scindia Steam Navigation Company Ltd., Bombay Eastern Shipping Corporation Ltd., as the company was then named, was incorporated with an authorised capital of Rs.10 crores. Because of the prevailing tight monetary conditions, the contemplated issue of shares to the public (23%0 could not

3. History and Growth, Handbook on the Shipping Corporation of India, Published by Shipping House, 245, Madame Cama Road, Bombay.
be taken and ultimately the government took these shares also. The shares were taken as 74% by the government and 26% by Scindia. Scindia was appointed as managing agent of Eastern Shipping Corporation for the general management of the company under the overall control of the Board of Directors.

In 1956, Government decided to set up the second public sector shipping corporation. Since the policy of mixed ownership did not find much favour with private ship owners, the Government decided to set up the second corporation as a fully state owned venture. No privates were allowed to subscribe the shares. WESTERN SHIPPING CORPORATION was incorporated in June 1956 with an authorised capital of Rs.10 crores. The Indian company law was amended in 1956 which provided that a company managed by the Managing Agents could not act as managing agents for another company as Scindia had managing agents. In terms of the above provisions, they ceased to be managing agents of the Eastern Shipping Corporation of Scindia Company. The general management of the Eastern Shipping Corporation thereafter was entrusted to a Managing Director directly appointed by the Government. Subsequently, the share capital of Scindia's company was taken over by the
Government and the Eastern Shipping Corporation also became cent percent or fully government owned public sector.\(^4\)

**SHIPPING CORPORATION OF INDIA LTD.**

As per the recommendations contained in the 38th Report of the Estimate Committee of the Lok Sabha, a decision was taken by Government to amalgamate the Eastern Shipping Corporation Ltd. and the Western Shipping Corporation Ltd. The committee gave a suggestion in its report that there would be coordination in policy and for better coordination there must be amalgamation of these both Government owned shipping companies. The committee had also recommended that for a greater economy and efficient services in long run there must be coordination in policy of both the shipping companies to achieve the predetermined target laid down by the sub-committee of Reconstruction Policy. The Report of the Estimate Committee of Lok Sabha came out with an order of the amalgamation of these two companies, the Eastern Shipping corporation Ltd and the western Shipping corporation Ltd in 1961. These two companies, Eastern Shipping Corporation Ltd and the Western Shipping Corporation Ltd. were merged on 2nd October, 1961 and a

\(^4\) Hand book on the Shipping Corporation of India, Published by Shipping House, Head office of the SCI.
Madame Cama Road, Bombay. new Sector The SHIPPING CORPORATION OF INDIA Ltd was formed. On the day of amalgamation the authorised capital of the Shipping corporation of India was Rs.35 crores and paid-up capital of Rs.23.45 crores. The fleet of the Eastern Shipping Corporation comprised 12 vessels of 0.84 lakhs GRT (0.78 lakh DWT) on Combining the two fleets SCI commenced with a fleet of 19 vessels of 1.39 lakh GRT (1.92 lakh DWT).

**Merger of Jayanti With the SCI**

The shipping corporation of India managed the affairs of Jayanti Shipping Company Ltd as its managing agents. An ordinance was passed by the Jayanti Shipping Company in 1966, that the management of the company would be taken over by the shipping Corporation of India. On 10th June, 1966 the management of the Jayanti Shipping Company was completely taken over by the Shipping Corporation of India Ltd. Later by the Jayanti Shipping Company an other ordinance was passed in 1971 for the acquisition of shares. The Government acquired in public interest all the share (288128 shares) of Jayanti Shipping Company and out of these, 288028 shares were transfered to the shipping

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5. Hand book on the shipping corporation of India Ltd. Published by the head office of the SCI Shipping House, Bombay.
corporation of India. Therefore, with effect from 17th October 1971, Jayanti Shipping Company became a subsidiary of the Shipping corporation of India Ltd. For the purpose of securing coordination in policy efficiency and economical operation and in public interest, Jayanti Shipping Company was amalgamated with the Shipping Corporation of India on 1st January, 1973 and the entire fleet of Jayanti Shipping Company comprising 16 ships of a total GRT of 2.95 lakh (4.82 lakh DWT) became part of the Shipping corporation of India's fleet. With these ships, on the day of amalgamation, the fleet of the shipping corporation of India was increased to 93 ships of 11.96 lakh GRT (18.42 DWT). Consequent upon amalgamation the losses of the Jayanti Shipping Company amounting to Rs.4.86 crores (being the debit balance in the profit and loss Account of Jayanti as on 31.12.1972 taken over in terms of amalgamation order) were observed by the Shipping corporation of India Ltd. Further, loss in the shipping corporation India's investment in the Jayanti Shipping Company amounting to Rs.1.62 crores was also observed by the SCI.6

6. Handbook on the SCI, Published by the Shipping House, Head Office, Bombay.
Merger of Mogul Line with the SCI.

The Government of India have merged the Mogul Line Ltd. a Government of India undertaking with the Shipping corporation of India on 30th June 1986, and the fleet comprising 12 ships of a total 1.51 lakh GRT (2.45 lakh DWT) became part of the shipping corporation of India’s fleet. At the time of merger the Shipping Corporation of India’s position was increased to 147 ships of total 32,14,044 GRT (53,22,016 DWT) with total investment of Rs.1688.42 crores. Government Scheme on merger provided for setting up of three Functional Divisions (Profit centres) for (i) Liner Services (ii) Bulk Carrier and Tanker Services and (iii) Coastal and Passenger Services. Adjacent Services in the Indian Ocean and OSVS, each headed by a joint managing Director and continuance of the existing three services Divisions for Finance, Technical Services and Personnel and Administration each headed by an Executive Director. The Scheme envisages full operational and financial autonomy to the profit centres with self-contained Finance, Technical, Commercial and Personnel Cells. Consequent upon merger of Mogul Line Ltd. with the Shipping corporation of India the various operating functions of Mogul Line Ltd. had been placed in the
appropriate profit centres of the shipping corporation of India. The merger has been effected by an order of the Government under the provisions of company Law.7

The shipping corporation of India has grown in all directions during the recent years. Its growth particularly during the seventies has been very spectacular. The year 1970 had come with major objectives for the shipping corporation of India. The objectives have been divided into the following heads and these objectives are the guide line for the growth and development of the shipping corporation of India Ltd.

Macro Objectives of Public Sector, the SCI
1. The macro objectives of the public sector were spelt out in the Industrial Policy statement of the Government of India made in the Parliament on 23rd December, 1977. The statement, inter alia, assigns an expanding role to the Public Sector in several fields and envisages its further growth.

2. The Public Sector was developed in India to serve a number of Policy objectives. Two of the important objectives have been:

7. History and Growth on the SCI Published by Shipping House, Head Office, Madame Cama Road, Bombay, pp.5-6.
Development of infrastructure for economic development and promotion of self-reliance. Shipping is one of the sectors which falls within the ambit of these twin objectives.

3. A strong Public Sector in Shipping is also important for national security to serve and maintain essential foreign trade and move men and supplies specially during emergencies.

4. National Shipping is one of the most important "invisible" contributors to the country's balance of payments and has a special role in promoting exports.  

5. Basic objectives for the Shipping corporation of India Ltd. as laid down in October 1972 as follows:

(i) To acquire own and operate ships on a commercial basis so that public sector has an increasing and predominant role in Indian shipping.

(ii) To promote and assist India's international trade in general Cargo and bulk commodities like ore and oil.

(iii) To generate surpluses from commercial shipping services at a level which, over a period, is

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8. Handbook on the Shipping Corporation of India, Published by shipping House, Head Office, Madame Cama Road, Bombay.
comparable to that of surpluses generated by the shipping industry of other countries employed in international trade.

(iv) To maximise earnings and savings of foreign exchange by increasing participation in national sea-borne trade and in international cross trade.

(v) To develop close relations in the field of Shipping with the shipping interest of other countries, especially those of developing nations.

(vi) To provide such assistance to the public sector enterprises and to the Government of India in the field of shipping as may be required from time to time.

(vii) To operate non-commercial shipping services at the direction of the Government of India on behalf of the Government.

Apart from these major and basic objectives of the shipping corporation of India, there are some Micro objectives also. The policy of the shipping corporation of India is influenced by these micro objectives and the SCI has been trying to obtain these objectives in near future.
Micro Objectives of the Shipping Corporation of India Ltd.

(i) To develop a diversified fleet for the public sector shipping so that:

(a) It has a dealing and predominant position in the Indian Shipping industry.

(b) It enables the Indian Shipping industry to retain its position in the international shipping industry as one of the leading fleets from the development world.

(c) It is able to meet adequately the requirements of trade and of users of shipping services.

(d) It acquires a significant market share in the transportation of general cargo and bulk cargoes of various types.

(ii) To provide its clientele efficient and economical shipping services.

(iii) To carry on profitable worldwide business in shipping so as to earn a reasonable return on the invested capital and generate adequate internal resources for investment.

(iv) To keep modernising and diversifying the fleet of the company geared to changing needs of the trade and users of shipping services with emphasis on containerisation.

(v) To maximise contribution to the country's balance of
payment through saving and earning foreign exchange.

(vi) To develop capabilities and to sustain perpetually sound, technical and technological knowledge through proper training of personnel and by giving them suitable exposure.

(vii) To build up a progressive and resilient organisation by reviewing from time to time the organisational structure which should provide for well-defined objectives and responsibilities and create a suitable environment which is conducive to the realisation of the company's objectives.

(viii) To develop ship management expertise which can be offered to other organisations for mutual benefit.

(ix) To undertake techno-economic feasibility studies for various shipping operations and shipping-related activities.

(x) To enter into technological collaborations and joint ventures in shipping and shipping related areas keeping in view the long term interest of the company.

(xi) To carry on the activities connected with offshore exploration and production of oil, minerals, gas and other related areas as well as logistic support thereto.
(xii) To develop long-term plans to provide adequate growth of the activities of the company.

(xiii) To operate services on behalf of the Government for socio-economic reasons as may be directed by the Government in the overall national interest.

(xiv) To provide necessary back-up and supplemental services to the effort of the Indian Navy in national emergencies and in special situations thereby meeting the country's defence needs.

(xv) To motivate employees towards higher productivity through fair wages, sound incentives and appropriate welfare schemes and good industrial relations.

(xvi) To encourage members of schedule caste/schedule tribes by giving them preference in employment in the company and maintain the percentage of schedule caste and schedule tribes employees as per guidelines issued by the Government.

(xvii) To develop among the employees consciousness of the environment, active pollution control measures as necessary and monitor them.

(xviii) To reinforce the Government's efforts towards promotion of social justice to the people at large by formulating corporate policies of employment, welfare, workers'
participation consistent with Government's policies.

(xix) To constantly endeavour to conserve energy in respect of company's operations.

(xx) To perform such other functions as the Board of Directors of the company may consider necessary incidental or conducive to the achievement of the Objectives of the Company.  

To achieve the above said objectives the shipping corporation of India has opted some strategies. The important elements of the strategies followed by the shipping corporation of India for achieving its objectives are:

- rapid expansion of fleet,
- active participation in movement of general and bulk cargoes to all parts of the globe, cured oil and petroleum products and passengers,
- financing capital outlay of acquisition of ships through maximum internal resources and
- measures for rapid development of maritime manpower required to operate growing fleet.
ATTAINMENT OF OBJECTIVES

The shipping corporation of India has achieved its objectives to some extent and has been making its efforts to attain the objectives in toto. The corporate plans are based in the direction of these objectives. The corporate planning cycle had always synchronised with the country's planning cycle. In tune with the country's trade requirement, the shipping corporation of India developed its fleet geared to these needs. The following table shows the growth and development of the shipping corporation of India since inception. This table also shows the growth of tonnage of the SCI since beginning and total investment made by the corporation.10

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10. Hand book on the Shipping Corporation of India, published by the Shipping House, Madame Cama Road, Bombay.
## TABLE - 5

**GROWTH OF FLEET AND TONNAGE OF THE SCI**

<table>
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<th>DATE</th>
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<th>INVESTMENT (Rs. in crores)</th>
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The above table depicts the overall growth and development of the shipping corporation of India. At the time of formation, the company had 19 ships and total Gross Registered Tonnage was 1,38,598 (192319 DWT) and its total investment was Rs.23.28 crores. This table also shows increasing trend of the growth and development of the shipping corporation of India. Its position on 1st August 1994 was, the total number of ships, 124, total tonnage was 2.98 million GRT, 4.94 DWT and total investment was Rs.3409.24 crores. This company takes a line share in the total export/import of Indian Shipping. The Shipping corporation of India takes 47.3% alone of total Indian tonnage and other 66 companies and Government department take the remaining 52.7% of total Indian tonnage. This share shows that SCI is a leading company for the development of Indian tonnage.

The shipping corporation of India is not only an important aid to trade and commerce of the country but also very important earner of foreign exchange for the country. Even during the recession period, it has been a net earner/saves of much needed foreign exchange. It is an acknowledged fact that the shipping corporation of Indian earns/savers substantial foreign exchange for the country.
Today the country is running under heavy debt trap and in this juncture this company is playing a pivotal role to earn a handful foreign exchange to meet the country’s foreign debt. The Shipping corporation of India has been a good earner/saver of foreign exchange since inception. In 1961, when this corporation was formed, at that time it earned/saved 2.74 crores and juster a decade this foreign exchange went to 35.04 crores. In 1981, after two decades this corporation earned a very handful foreign exchange of Rs.195.21 crores which helped to meet the country’s foreign debt. It is to be noted that even during the period of recession in the shipping corporation of India, the net foreign exchange earnings/savings have been positive. To put a glance on the following diagram it may be understand easily to know the real position of the shipping corporation of India Ltd in the field of earnings/savings of foreign exchange which contributes a major portion of total earnings/savings of foreign exchange earned by the Indian shipping companies. This diagram shows the clear picture of earnings/savings of foreign exchange earned by the shipping corporation of India Ltd.11

11. History and Growth of the Shipping Corporation of India Published by the Shipping House, Bombay, p.31.
DIAGRAM. NO. 1
NET FOREIGN EXCHANGE CONTRIBUTION OF
SCI
PERIOD: 1990-91 TO 1993-94
Figures in Rs. Crores

Source - 44th Annual Report 1993-94 of
the Shipping Corporation of India Ltd.
The diagram shows an increasing trend of the earning of foreign exchange. In 1990-91 the net foreign exchange earning was Rs.269 crores and in the year 1991-92 there was an additional contribution of Rs.84 crores in the net earning of foreign exchange. In 1991-92 total net earning of foreign exchange went to Rs.353 crores. The diagram of the year 1992-93 also shows a satisfactory growth in the field of foreign exchange earning. But the previous year 1993-94 shows the highest figure. In this year the total net earning of foreign exchange is 561 crores. This diagram depicts a satisfactory growth of the shipping corporation of India in the field of foreign exchange earnings.

The shipping corporation of India does not only show a satisfactory growth in the foreign exchange earning but it also shows a satisfactory growth in the total turnover. In 1960-61, the corporation was established and in that year the total turnover was only Rs.5.67 crores. It was a very small figure but after a decade, the single digit was converted into two digit means in 1970-71 the total turnover came to Rs.64.84 crores. In 1980-81, it increased to Rs.501.68 crores and in 1990-91, it presented a satisfactory growth in the total turnover. The total turnover in 1990-91 was Rs.1151 crores. The following
diagram depicts the total turnover of the shipping corporation of India from 1990-91 to 1993-94. To see these diagrams it will be very easy to understand the trend of growth of total turnover and net profit after tax earned by the Shipping Corporation of India during these periods.  

DIAGRAM. NO. 2
TURNOVER OF THE SCI
PERIOD: 1990-91 TO 1993-94
Figures in Rs. Crores

Source - 44th Annual Report 1993-94 of the Shipping Corporation of India Ltd.
DIAGRAM. NO. 3
NET PROFIT AFTER TAX OF THE SCI
PERIOD: 1990-91 TO 1993-94
Figures in Rs. Crores

Source - 44th Annual Report 1993-94 of the Shipping Corporation of India Ltd.
The above diagram clearly shows an increasing trend of the total turnover. In 1990-91, the total turnover was Rs.1151 crores and in 1991-92 it goes to Rs.1381.1 crores. These figures exhibit a satisfactory growth in total turnover of the shipping corporation of India. The year 1992-93, also shows a positive growth. The total turnover of 1992-93 is Rs.1499.2 crores and in 1993-94 is Rs.1580.4 crores.

The shipping corporation of India operates in practically all areas of the shipping business both national and international. It operates a net work of global services covering the four continents of the world. In fact, the SCI is the only Indian shipping line offering worldwide container and break-bulk liner services.

The liner services are monitored rigorously and suitably restructured and rationalised in order to provide a better services to the trade. Presently, the sectors operated by the shipping corporation of India/USA, India/UK, India/Japan, India/Black Sea, Mediterranean and India/East Africa. The shipping corporation of India’s fleet of bulk carriers caters to a major portion of India’s bulk trades. Thus, in dry bulk trades like export of iron
ore, import of cooking coal, fertilisers etc it has a significant presence. The share of the SCI in Indian lines’ share in carriage of iron ore exports to Japan has risen considerably from 54% in 1985-86 to 69% in 1989-90.\textsuperscript{13}

The tanker fleet of the shipping corporation of India transports almost all of India’s crude oil and a major portion of petroleum products thereby making the country self-reliant in the transportation of this crucial commodity over 95% of Indian crude oil imports are lifted by the SCI tankers. Carriage of petroleum products imports has also increased substantially growing from 4 lakh tonnes in 1984-85 to about 7.5 lakh tonnes in 1990-91.

In addition to international operations the shipping corporation of India also operates domestic passengers-cum-cargo services between the mainland and Andaman and Lakhshadweep group of islands. These services are run on behalf of the Government. At present the SCI has placed orders with a polish shipyard differ construction of 3 passenger-cum-cargo vessels on behalf of the Andaman and Nicobar Administration orders have also been placed for 2 high speed boats and 4 self-propelled cargo barges on

\textsuperscript{13} Handbook on the shipping Corporation of India Ltd, Published by Shipping House, Bombay.
behalf of the union territory Lakhshdweep Administration. The shipping corporation of India also operates the Haj pilgrimage service on behalf of the Government between Bombay and Jeddah during the Haj season.14

The shipping corporation of India has diversified into the offshore marine business in a big way and today provides vital offshore support services to the Indian oil industry in the quest for indigenous offshore oil exploration.

Its fleet of 10 OSVs are on long term charter with the ONGC ever since their acquisition in 1984. The shipping corporation of India also manages 10 specialised ships/drillships on behalf of the ONGC and also has given on charter 2 jack-up rigs to the ONGC. These management contracts have been own by the shipping corporation of India against stiff global competition. The SCI has developed considerable expertise in offshore operations and during the 8th plan period it is expected that all offshore operations would be performed by the shipping corporation of India’s personnel in owned as well as managed ships.

Apart from owning and operating ships the shipping corporation of India has also developed into a major ship management company managing and manning 26 ships on behalf of other organisations and Government Departments. The managed fleet comprises a variety of ships including offshore supply vessels, multipurpose vessels, well stimulation vessels, offshore drilling units, seismic surveys vessels, sniffer survey ships, lightships, scientific survey vessels, passenger-cum-cargo vessels etc.15

The diversification has been a key thrust area of the shipping corporation of India to maintain its competitive edge in the national and the international shipping business. The emphasis is now on rapid diversification into specialised high tech areas of the shipping business. During the 7th plan period, the shipping corporation of India placed orders for 5 specialised vessels. Two of these vessels, which have been delivered during the last three months, are the first two specialised gas carriers in the Indian fleet. These vessels are capable of carrying liquified petroleum gas or liquid ammonia at minus 51

15. Handbook on the shipping corporation of India Ltd Published by the Shipping House, Bombay.
degrees centigrade. These vessels are presently employed in international cross trade and would be brought into the Indian circuit when imports from the Gulf region recommence. The other three vessels are phosphoric acid carriers which are presently under construction with a Spanish Shipyard. The first of this 30,900 DWT. phosphoric acid carrier is expected to be delivered in near future and the remaining two in the next year. The delivery of these ships will usher the shipping corporation of India into yet another highly sophisticated area of operations.16

SHIP ACQUISITION DURING PLAN PERIOD
(1992-93/1996-97)

The Government of India has allocated a total outlay of Rs.3,400 crores for the shipping sector for the Eighth Plan period out of which Rs.100 crores is reserved for light-houses and light-ships. The balance of Rs.3,300 crores is reserved and lightships. The balance of Rs.3,300 crores is reserved for ship acquisition programme during the Eighth Plan period. Within the above stipulation, the shipping corporation of India has drawn up plans for

16. History and Growth of the Shipping Corporation of India Ltd Published by the Shipping House, Bombay, p.10.
acquiring 79 ships aggregating 28.34 lakh DWT, at a total investment of Rs.5,100 crores, subject to availability of funds. The acquisition policy of the shipping corporation of India is one of the consolidation with selective replacement and diversification and expansion to meet with the country's requirements. In keeping with this policy, the ships to be acquired during Eighth Plan period including crude Cankers, Product Tankers, Specialised Gas carriers, Bulk Carriers, container vessels, Roll on Roll off vessels, specialised offshore and Diving vessels and others. The ships to be acquired would be based on the tonnage acquisition criteria laid down by the Tonnage Acquisition Committee under the chairmanship of the Director General of shipping as well as trade opportunities.

The shipping corporation of India has all ready acquired 4 vessels (2 Bulk carriers and 2 General Cargo Vessels) and 4 Crude Tankers of 1,40,000 DWT size are on order, due for delivery during the current financial year. These 8 vessels form a part of the 97 vessels planned for acquisition by the shipping corporation of India during the Eight Plan period. In addition to these during the
financial year 1993-94, The shipping corporation of India took delivery of 3 cellular container vessels and 2 Product Tankers which were ordered prior to commencement of Eighth Plan period. It also took delivery of one bulk carrier of about 26,000 DWT.\textsuperscript{17} The shipping corporation of India did not lack in its efforts in finding new markets for employing its ships. Consequently number of bulk carrier were successfully employed in cross trade.

The shipping corporation of India has adopted an aggressive marketing strategy to increase its share in the carriage of the country’s liner cargo. One of the important ingredients of this strategy is a policy decision taken by the shipping corporation of India to bid for handling contracts of Inland container Depots and container Freight Stations. This will not only help the shipping corporation of India in securing a better contact with shippers at the grass root level but also enable the shipping corporation of India to provide a door to door service to its customers. At present the shipping corporation of India is operating from 13 Inland Container Depots and Container Freight Stations located at different places in India like

\textsuperscript{17} 44th Annual Report 1993-94 of the Shipping Corporation of India Ltd. Bombay, p.15.
Delhi, Ludhiana, Moradabad, Jaipur Varanasi, Pune, Ahmedabad, Bangalore, Coimbatore, Guntur, Anadparti, Guwahati and Hyderabad.\textsuperscript{18}

Another key thrust area identified by the shipping corporation of India is greater computerisation and upgradation of communication systems. The Shipping Corporation of India's ships are equipped with sophisticated communication equipment and a modern, fourth generation computer system has been installed in the head office at Bombay. This computer will be linked with shipboard computers using satellite communication links thereby bringing the ships and the shore closer together. The main-frame computer would also be networked with all the shipping corporation of India's offices in India to serve the trade better. Increased office automation has also been in the form of installation of electronic telephone exchanges in the shipping corporation of India's offices having capability of voice and data transfer. The shipping corporation of India is also setting up an

\textsuperscript{18} History and Growth of the Shipping Corporation of India Ltd., Bombay, p.12.
automatic message switching system for its talex and teleprinter system in Bombay.\textsuperscript{19}

In addition to this, the shipping corporation of India has kept pace with the latest technology in tanker operations and to meet with the latest rule requirement with regard to minimise marine pollution. It has also taken step to acquire double hull tankers in replacement of the existing old and aged single hull tankers. To minimise the fuel expenses, the new ships are installed with Aux-Engines which are capable of burning heavy fuel oil instead of diesel oil. This concept of unifuel system for main engine and Aux-Engine is a modern concept which is being introduced steadily in the shipping corporation of India’s fleet. Installation of shaft generators are also being applied as and where possible for the new buildings. This reduces the fuel consumption and also saves on running hours of aux-engines, which in turn reduces consumption of spares.\textsuperscript{20}

**ORGANISATIONAL STRUCTURE**

The word organisation is a dynamic process and a managerial activity which is necessary for bringing people

\textsuperscript{19} Handbook on the shipping Corporation of India Ltd, Published by Shipping House, Head Office, Bombay.

\textsuperscript{20} 44th Annual Report 1993-94 of the Shipping Corporation of India Ltd. Bombay, p.16.
together and tying them together in a pursuit of common objectives. It refers to the structure of relationship among positions and jobs which is built up for the realisation of common goals. It is also called a vehicle through which goals are sought to be attained. 'organisation, has become so pervasive in the modern society that it has attracted the attention of a variety of intellectuals from different fields of study. It transforms several types of inputs into certain desired kinds of outputs that become the products and services for the several segments of society.\textsuperscript{21}

An organisation involves large number of people interrelated and interdependent and such interrelation and interdependency can be provided by creating an organisation structure. Thus after determining the type of administrative system for the organisation, it is logical to proceed for creating the structure for it.\textsuperscript{22} Structure means to fix patterns of interacting and coordinating the technological and human elements of the organisation. It

\begin{itemize}
\item \textsuperscript{21} Rubenstein, Albert H: Some Theories of Organisation D.B Taraporevala Sons & Co. Private Ltd., 210 Dr. Dadabhai Naoroji Road, Bombay, 1975, p.2.
\item \textsuperscript{22} Prasad, L.M: Organisation Theory and Behaviour, Sultan Chand & Sons, 23, Daryaganj, New Delhi, 1987, p.41.
\end{itemize}
refers to the relatively fixed relationship that exist among the employees of an organisation.²³

Organisation structure is also viewed differently by various others. Some regarded it as a network of relationships, a blueprint of how the management will take the various functions and activities to be assigned and connected together. Some look upon it as a social system, consisting of the human relationships existing among people performing different activities. Some other authors say, an organisation is a system with inputs (men, materials and machines) and processes through which these are converted into outputs (e.g. goods and services). The main thrust of all these views is that an organisation structure consists in making a rational division of work into groups of activities and tying together the position representing grouping of activities so as to achieve a rational, well co-ordinated and orderly structure for the accomplishment of work. A great management thinker Mr. Urwick has stated in his own language, organisation structure as determining what activities are necessary to achieve any purpose and

arranging them in groups which may be assigned to individuals.  

The concept of organisation structure is the pattern in which various parts or components are interrelated or interconnected to establish a congenial relationships among components or parts of the organisation. This also prescribes the relationships among various positions and activities of individuals in the organisation. It consists of the structure of relationship, responsibilities and authorities through which a business can achieve its objectives. The need of organisation structure arises because large numbers of people are associated in achieving organisational objectives. They perform a number of functions and there must be a plan for the systematic completion of the work of each specialised job so that the total activities accomplish a single objectives.

To the layman, the words, 'organisation structure' bring to mind the organisation chart used by most private and public organisation for appreciable size. The organisation chart and any associated position provide

important information on organisation structure. The basic purpose of organisation structure should be the necessary activities are performed, no unnecessary duplication in performing necessary activities and various activities are performed in a synchronised and coordinated way. Any organisational structure fulfilling these requirements is suitable for the organisation. An organisation structure is a dynamic and not a static because there is a continuous change in environment, technology and organisational climate. There can not be a particular organisational structure which can be suitable for all organisations. This, what might be a suitable structure for one organisation may not be for another organisation even in the same industry. The suitability will be determined by the satisfaction of the requirements of various forces like environment, technology, size and people, and these conditions are likely to vary from organisation to organisation.

Though organisation structure is composed of both formed and informal structures through which decisions and instructions flow downwards and reports flow upwards as

feedback for managerial control. The structure and functioning of organisation are the deliberate result of strategic choice by organisational administrators. It is useful to make distinction between basic structure and operating mechanism while taking decisions about organisational design. Designing of basic structure involves, how the work of the organisation will be divided and assigned among positions, groups, departments, divisions and how the necessary coordination to achieve organisational objectives will be achieved.

Now our attempt proceeds to critically examine and evaluate the organisational structure of the shipping corporation of India Ltd. which is Seizing every opportunity to achieve the basic objectives.
The organisation structure of the shipping corporation of India is a dynamic. Over the years, it has grown in size and complexity. The process of adaptation and innovation continues-partly dictated by market forces, partly by developments in shipboard and managerial technology and partly motivated by the ambition to continue to diversify into new areas of business. The shipping corporation of India operates through its head quarter which is situated in Bombay at the Shipping House. In addition to this there are four regional headquarters at Delhi, Calcutta, Bengalore and Vishakhapatnam which control their own regions.

During the seventies, the shipping corporation of India expanded its fleet in a large major and diversified from predominantly a liner fleet into cargo liner-tanker-bulk carrier-combination carrier fleet, commercial activities of the shipping corporation of India also increased in tune with the change in composition of its tonnage. While the shipping corporation of India was so expanding, the shipping industry began to face severe recessionary trends. The shipping companies the world over were adversely affected. The shipping corporation of India
has been no exception. To meet the new challenges faced by the shipping corporation of India in view of its expanded tonnage and new type of ships as well as to meet recessionary trends which had affected international shipping, a new management structure was evolved in mid 1978 in consultation with Indian Institute of Management, Ahmedabad. The basic purpose of this re-organisation was to design a structure which would facilitate performance of various tasks to achieve the objectives of the shipping corporation of India and would also provide a much stronger organisational base for operating divisions by grouping them into profit centres. The philosophy behind re-structuring of the organisation has been to create well segregated, clearly identifiable and well defined areas of responsibilities in respect of corporate functions which cover, preparation of strategic plans for the growth of operating activities and tonnage and functions which relate to producing operating results with responsibilities resting near the scene of operations.26

Under the re-organisation, the main functions in the shipping corporation of India have been broadly grouped

under five divisions which include two profit centres covering liner and passenger and bulk carrier and tanker operations. Each of these five divisions is headed by an Executive Director at corporate level of management forming a corporate group. The corporate group works under the direction and control of the Chief Executive of the shipping corporation of India namely Chairman and Managing Director. The establishment of the corporate group has ensured a closer team work leading to better and efficient administration of the fleet.

Since then, the operating functions have been regrouped into three profit centres namely Liner Services, Bulk Carrier and Tanker Services and Coastal and passenger services, Adjacent Services in the Indian Ocean and OSVs, each headed by joint Managing Director. There are three Services Divisions also namely Finance, Technical Services and Personnel and Administration each headed by an Executive Director.\(^\text{27}\) The head office frame the basic policy and supervise the overall performance of the corporation. The Board of Directors may exercise all administrative powers to form strategy and policy for the

\(^{27}\) Hand book on the Shipping Corporation of India Ltd Bombay
corporation. The Chairman and Managing Director is the Chief Executive of the Corporation and he is assisted by various Joint Managing Directors and Executive Directors of various heads.
Organisational Chart of the S.C.I

Board of Directors

Chairman and Managing Director

- Functional Executive Director
  - Liner and Passenger
  - Bulk Carrier and Tanker

- Operational Execution Director
  - Linear Services
  - Bulk Carrier Services
  - Tanker Services
  - Coastal and Passenger Services
  - Adjacent Services

- Services Executive Director
  - Finance
  - Technical
  - Personnel and Administration
LINER SERVICES

This service is headed by Joint Managing Director. It operates a network of global liner services covering India/UK-continent, India/Japan Far East Sector, India/Black-Sea Sector, India/Mediterranean Sector, and India/Mauritius Sector. On the India/UK continent sector, the cargo movement has been encouraging. On the India/Far-East Sector, Strengthening of the Japanese Yen has resulted in sluggishness of cargo movement from Japan to India overall, in term of Cargo Volumes, the market has been buoyant and whenever the liner services have not been able to cover cargoes on own ships for operational reasons in order to meet the critical requirements mainly of Public Sector units and it has provided a suitable space charter arrangement to cover such cargoes.28

BULK CARRIERS AND TANKERS

This department is headed by Joint Managing Director. The versatile fleet of bulk carriers are cater to a major portion of India's bulk trades. The year 1993-94 has been declining trend in freight levels of the bulk cargo sector although there has been seasonal improvement during April/May 1993. The Baltic Freight Index which was 1373

during March and quickly risen to a peak level of 1642 during last week May 1993 and thereafter has been a gradual decline during the rest of 1993-94 reaching the lowest of 1117 during March 1994. The iron ore imports by Japan in fiscal 1993 totalled 113 million tons which has been gradually dropping for the fourth consecutive year since 1989 when it was at a peak level of 126 million tons. The fall in demand reduced the prices of ore as well as the freight levels and the market is expected to remain depressed unit second half of 1994-95.

The tanker fleet of the shipping corporation of India transports almost all of India’s crude oil and a major of petroleum products thereby making the country self-reliant in the transportation of this crucial commodity. As regards international tanker market there were wide fluctuations in the spot market rates reaching their peak during August 1993 and lowest by March 1994.

COASTAL AND PASSENGER SERVICES

This department is headed by operational Executive Director. In October 1993, Coastal and Passenger Service Division was bifurcated for better co-ordination and operational viability of the corporation offshore
Department was put under Technical Services Division and Passenger Services Department was put under Liner Division. The offshore marine business in a big way and today provides vital offshore support services to the Indian oil industry. Passenger services are operated between Mainland and Andaman-Nicobar Island with owned as well as managed/Chartered tonnage on behalf of the Andaman-Nicobar Administration on full reimbursement basis. The operating Executive Director is assisted by various subordinate officers of the department.  

**FINANCE DEPARTMENT**

Finance Department is headed by the Financial Executive Director and at regional level regional Finance Manager. This department deals with all the financial aspect of the corporation. In Head Office there are various financial executives like Finance Manager, Deputy Finance Manager, Finance Officer, Assistant Finance officers, Auditors etc. There all executives work under the Financial Executive Director and he is also responsible to the Chief Executive e.g. Chairman and Managing Director of the corporation.

TECHNICAL DEPARTMENT

The Technical Department is headed by the Technical Executive Director. Under this department there various subdepartments like Engineering Department while deals with all technical persons like engineers, Engine Department, Fuel Department etc and all those subdepartments are controlled by the Technical Executive Director and each department is headed by the Departmental Manager or head. Engine Department has many officers like petty officers, oilers, water tenders, stokers, firemen, and wipers are responsible through the successive ranks to the Chief engineers to the vessels and they, in turn, are responsible to the Technical Executive means Technical Manager of the Department for the performance of the propelling machinery and fuel consumption.30

PERSONNEL DEPARTMENT

The Personnel Department is headed by Personnel Executive Director. This department deals with the proper recruitment, selection, promotion and arrangement of various training programme for the development of crews and other personnals who are recruited fresh as well as old

staff. Under this department there are various subdepartments like Recruitment Department, Promotion Department, Training Department etc and each department is headed by the manager of the department.31

INDUSTRIAL RELATIONS DEPARTMENT

This department is headed by the Industrial Relations officer. It is very important in any organisation to create friendly and congenital atmosphere within the organisation. During the year 1993-94, the Industrial Relations in the Shipping Corporation of India were cordial with shore employees. There were no instance of direct action to the employees. Management have been holding discussion with officers. Associations and staff unions periodically. The industrial harmony has considerably helped to achieve all round progress in all activities. The wage settlement of shore employees both, with officers Associations and Staff Unions have expired on 31st December 1991. The charter of demands submitted by the staff unions and officers Associations are under active consideration and first round of negotiation has already been completed with the staff unions. The shipping corporation of India has given high

priority to welfare of employees and their families also. There is well maintained canteen and Dispensary for the benefit of the employees. Sports activities are also encouraged and special concessions are given to employees who participate in sports. Incentive for adoption of small family prizes and scholarships for meritorious children of the employees and periodical medical check up are some of the activities which create congenial and cordial atmosphere in the organisation.  

HUMAN RESOURCE DEVELOPMENT IN THE SCI

Organisation has many resources but the "Human Resource" is its best and important resource. If it would be developed into a well-trained, multi-skilled, highly motivated work force with high productivity, quality and competitiveness in the global environment, then there is no reason why an organisation should not succeed. In fact Human Resource Development plays an important part in the success of any organisation. India has the second largest population in the world and the third largest number of scientifically and technically qualified manpower. Since 1991, with the sweeping changes in outlook and policies,

32. 44th Annual Report 1993-94 of the Shipping Corporation of India Bombay, p.16.
globalisation and liberalisation are being ushered-in, in a big way. This brings about a tremendous potential for 'Human Resource Development' when the outlook turns global, as both Competitiveness and demands increase.

Shipping industry is considered to be the most international industry and the impact of globalisation with particular reference to human resources, has been felt since a long time. Indian officers and crew have been taking employment in both Indian and foreign flag vessels and thus the world fleet is available to them, as their employment market. The human factor in shipping is also particularly important as investigation of most accidents and pollution incidents have shown that 80 percent of the cause is contributed by a human factor.

Human Resource Development of shore personnel requires special attention. A multi-disciplinary team of well qualified professionals are required to work together in a harmonious team to manage and operate the fleet and also take very good care of fleet personnel. There are two main aspects with regard to Human Resource Development in shipping for fleet personnel, namely, manning and training.
Manpower planning for fleet personnel is a very important task to be carried out in every shipping company. It takes into account the fleet strength, changes in the fleet strength, the number of posts available, leave reserve and therefore the number of fleet personnel to be maintained on the rolls. It also involves working out the number of vacancies to be filled in due to wastage, drift of personnel to other shipping lines, personnel taking shore jobs, retirement etc. Manpower planning has to be carried out on an annual basis giving projections for the next 5 years, as by the time recruitment, training and sufficient expertise is gained before personnel can effectively perform. This makes the task of manpower planning very difficult. Moreover fleet personnel are very depending upon the market situation, they are free to take employment in any shipping line in the global market. The situation gets further aggravated as a majority of ship’s officers don’t stay at sea for more than 15 years. However there is no escape from manpower planning as the ships have to be properly manned for their safe, pollution free and efficient operations. This also puts tremendous pressure on Human Resource Development for fleet personnel.
HUMAN RESOURCE DEVELOPMENT FOR SHORE PERSONNEL

The shore personnel plan manages the operations of ships. The shipboard and the shore team have to work in unions for the success of marine adventure. Thus, Human Resource Development of shore personnel also plays an equally important role. Human Resource Development of Shore personnel is elaborated below, in the context of globalisation of shipping.

Functions of Shore Personnel

In any shipping organisation, the functions carried out by shore personnel, can briefly be summarised as follows:

- Commercial operations
- Technical operations
- Chartering
- Financial Management
- Management Information System
- Insurance Management and claims
- Sale and Purchase of Vessels
- Contracts for supply of Stores, Spares and other Services
- Computer and communications
- Personnel Management and Administration
- Public Relations
- Other Services (Civil and electrical maintenance, fire and security etc.)

It will be observed from the aforesaid that in order to carry out the above functions, the organisation would require to induct professionals from various disciplines namely:

- Commercial officers (graduates from various disciplines including commerce and business management)
- Financial officers (Chartered accountants, cost accountants and financial management graduates)
- Naval Architects
- Technical superintendents (Master mariners and marine engineers)
- Computer professionals
- Insurance officers
- Shipping economists
- Graduate assistants etc.

Thus shore personnel cover a wide spectrum of professionals, graduates and specialists. Traditionally shore personnel in shipping organisations have been trained whilst on the job and generally pick-up skills and
expertise by experience whilst actually performing their jobs. Shore personnel are a heteroge group of multi discipline professionals graduates and therefore there is a greater demand on Human Resource Development with regard to teamwork, discipline, managerial skills, leadership, communication, group dynamics and human relations.  

The shipping corporation of India has always considered human resources as its most valuable assets. In order to provide continuing development and to maintain its human resources abreast of technological developments, the shipping corporation of India setup its Maritime Training Institute. Shipping Management has several specialities, intricacies and technicalities. University graduates have very tittle exposure to shipping, before joining a shipping company. Therefore shipping organisations have to depend on the job training of their shore personnel. Further, it is also not possible to depute personnel on long duration shipping courses.

In order to overcome the afore-said shortcomings in Human Resource Development of shore-personnel, Maritime Training Institute has developed a number of short intensive courses. The courses offered are not only for the shipping corporation of India's personnel but are open to the entire maritime industry. With regard to Human Resource Development offshore personnel, the Maritime Training Institute offers the following short courses.

- General Shipping Management
- Containerised Shipping Management
- Coast Control in Shipping Management
- Finance Management in Shipping
- Management Development Programme
- Junior Management Development Programme
- Practical Aspects of Chartering Management
- Risk Management and Insurance
- Computer Applications

In the year, the Maritime Training Institute continued to meet all the in-house training requirements of the Shipping Corporation of India and also part of the training requirements of the maritime industry. 7644 personnel were trained at Maritime Training Institute in
383 courses during the year 1993-94. This included 88 Graduate-Entry Trainee Nautical officer Cadets in two batches and also 20 Graduate-Entry Trainee Engineer officer cadets in one batch. A one day Senior on 'Retirement Planning' was organised at Maritime Training Institute and issues pertaining to social, financial, physiological and psychological adjustments were discussed. In order to enhance the use of Hindi, 2 Hindi Workshops were conducted at Maritime Training Institute for employees to acquire working knowledge of the language.

In order to overcome the shortage of chief-officers in the fleet, 20 second officers (who had completed at least six months sea services after obtaining Second Mate Certificate of competency) had attended a Mate Dispensation course from 28th June to 17th July, 1993.

Therefore, the corporate structure has built in flexibility to provide for an additional Division in future if required to respond to the Changing requirement of the shipping corporation of India’s operations.
CONCLUSION

In conclusion it may be observed that the shipping corporation of India takes a major share in the total Indian tonnage. It takes 47.3 percent of total tonnage. It is also a good earner of foreign exchange. In 1993-94, it earns total Rs.561 crores of foreign exchange.

It is committed to serving the nations not only to play a crucial role in the development of export/import of the country but to provide a second line of defence to the nation. The shipping corporation of India is one of the growing corporations in India. In 1961, it was operated with a fleet of 19 vessels of 1.39 lakh GRT. But in 1994, it is operating with 124 vessels and 2.98 lakh GRT. At the time of incorporation, it had a authorised capital of Rs.35 crores but now it has Rs.350 crores. These figures exhibit a satisfactory growth of the shipping corporation of India. It operates in practically all areas of the shipping business both national and international. It operates a network of global services covering the four continents of the world.

This chapter also highlights the organisational structure of shipping corporation of India. It has
different departments headed by different executives. At last this chapter critically examines and discusses in full length the Industrial Relations and Human Resource Development in the shipping corporation of India and its role to develop the human resources in the organisation.

In the next chapter, an attempt will be made to critically examine and evaluate the financial performance of the shipping corporation of India with a number of parameters of performance appraisal.