

possibility of organising bulk shipments from the West Coast to West European countries is now being explored.

The Corporation has, however, not met with any notable success in the field of manganese export. Recession in the U S, greater competition from new producers and lack of experience in the trading of a commodity subject to wide price fluctuations are responsible for this. During the year, the Corporation exported 4.41 lakh tons of manganese ore out of the country's total of 13 lakh tons. The Corporation has been compelled to carry forward into the current year purchase commitments of the order of 100,000 tons undertaken in a period of relatively high prices. This quantity is proposed to be marketed as and when price and demand conditions improve.

### *Promotional Activities*

PROMOTIONAL activities have been undertaken in developing oversea markets for woollen fabrics, handicrafts, shoes, lemongrass oil, cashewnuts, sports goods and turmeric. Exports in other fields have proved unrewarding so far. Business techniques for expanding foreign markets are under study. A sum of Rs 15 lakhs has been set aside in a special trade development fund for investment in trade promotional ventures.

The Corporation has a monopoly in the import of important industrial items like caustic soda, soda ash and raw silk in addition to some fertilisers. During the year, it fulfilled special import contracts totalling Rs 10 crores to relieve shortages and service essential requirements. These included tractors,

printing machinery, newsprint and machine tools. The distribution and sale of nitrates were supervised in an effort to assess their value and utility for specialised uses in stimulating agricultural production. An endeavour, not entirely successful, was also made to ensure sales at fixed prices. With the experience now gained, the Corporation should be able to control physical stocks with dealers more effectively.

The Corporation's total assets, as on June 30, 1958, amounted to Rs 9 crores, of which cash alone accounted for Rs 1.4 crores. Its sales turnover during the year was Rs 28.58 crores against Rs 9.19 crores in the previous year, but profit before tax as a proportion of sales turnover declined from 9.6 per cent to 7.9 per cent. Profits before tax rose from Rs 89 lakhs to Rs 226 lakhs, but taxation took away Rs 121 lakhs



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against Rs 51 lakhs. Net profit, therefore, was Rs 105 lakhs against Rs 38 lakhs. Valued like the profits of any other joint stock company, its net earning per ordinary share of Rs 100 was Rs 105 against Rs 38 in the year before. Distribution in the shape of dividend has been raised from Rs 6 to Rs 7. This record retention of profits has increased reserves from Rs 36 lakhs to Rs 131 lakhs, while share capital remains constant at Rs 1 crore. Included in the reserves is an insurance fund of Rs 17 lakhs, a price fluctuation fund of Rs 30 lakhs, a trade development fund of Rs 15 lakhs, a general reserve of Rs 14 lakhs, and a capital reserve of Rs 2 lakhs. On the last day of its accounting year, it had an overdraft of Rs 48 lakhs at the State Bank (against a credit limit of Rs 5 crores) and an outstanding loan of Rs 198 lakhs from Government. Total fixed capital employed in the business is Rs 630 lakhs, while the net working capital, i.e., the difference between current and short-term liabilities on the one hand and liquid assets on the other, is Rs 288 lakhs. These figures would warm the heart of any balance sheet analyst.

#### **Banks Also Must Try**

IN his speech from the chair of the United Bank of India, Dr N N Law has brought together many of the complaints that bankers have against the existing state of affairs. Dr Law is not satisfied with the present ceiling on interest rates on time deposits and pleads for a further reduction in it. He is unhappy about the rising operating expenses; he dislikes the competition that banks have to face from the small savings campaign of the public sector; and he is worried by the unutilized credit limits of borrowers. All these woes of Commercial Banks have been voiced for quite a number of years and it will perhaps not be unkind to say that they have lost their appeal very considerably.

The reason for this is the growing feeling that in a good many of these cases there is a great deal that the banks themselves can do but are not doing effectively. Take for instance the question of operating expenses. This is an area in which the banks can do much more than they are now doing to rationalise their procedures of work.

Again, considering the widespread concern about the small savings movement in the country, it is difficult to believe that because of this movement the resources of banks have been greatly affected. And in the matter of interest rates, it is no doubt true that the banks would feel happier if they had to pay less on their time deposits. But is it not necessary to consider at the same time the effect that lower interest rates would have on the growth of deposits? Surely one can make out a very strong case for higher interest rates in a country like India. And theoretical arguments apart, it should by now be obvious that over the long period interest rates in India are more likely to rise than fall. It would be more realistic on the part of commercial banks to accept this trend and worry more about increasing the volume of their lending than about reducing the cost at which they can themselves borrow.

#### **M P Water Rates Commission**

A TWENTY-MEMBER Committee to review the water rates prevailing in the different units of Madhya Pradesh, has been appointed by the State Government. It will examine the feasibility of introducing uniform water rates and recommend criteria for splitting them into compulsory and voluntary levy. Finally, the Committee will recommend how the water rate structure is to be revised.

The Committee will visit irrigation works situated near the border of Madhya Pradesh, in Orissa, Uttar Pradesh, Bombay and Andhra. It will study irrigation practices and water rates in vogue there.

A questionnaire prepared for eliciting public opinion and gathering information on the subject was circulated last month. The last date of the receipt of the replies to it has been extended to May 20, 1959.

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