

Since the present Government came to office last year, attention has been specifically concentrated on speeding up the work on projects included in the Plan. The Planning Ministry has been reorganised and a new Planning Board established. The Planning Board has recently revised the allocations and targets for the remaining years of the Plan. District Planning Boards have been set up to help the Central Board in formulating plans and implementing them more speedily with the help of Government authorities at district levels. The administrative structure is being reorganised. The recently announced new pay scales should also raise the efficiency

and morale of Government servants.

FISCAL POSITION

In the initial stages a country like Nepal cannot have a rapid growth without foreign assistance. Total external assistance in 1959-60 is estimated at Rs 116 million which is equivalent to about 79 per cent of the development budget. But Government has realised that internal resources have also to be mobilised. The budget for 1959-60 proposed to raise Rs 8.5 million from new taxes on land and income. These progressive taxes have been levied for the first time in the country's history.

The exchange rate has been stabilised at 160 Nepali rupees for 100

Indian since April this year and unlimited convertibility has been declared. Prices have remained fairly stable in spite of developmental activities (see Table III). Government has decided to establish cement, paper, cigarette and timber processing factories in the public sector.

With the experience and statistical information gathered since 1956, when the first Plan was drawn up, it would be possible to use better techniques for framing the outline of the Second Plan. It will endeavour to provide a basic minimum for the growing population in the shortest possible time, and create the basic economic overheads for achieving the desired rate of growth in future.

From the Chair

The Universal Fire & General Insurance Co. Ltd.

Speech of the Chairman, Mr. P. U. Patel

THE following is the abstract of the speech of the Chairman Mr. P. U. Patel delivered at the 40th Annual General Meeting of The Universal Fire & General Insurance Co. Ltd., Bombay :

Gentlemen,

To start with, I am indeed happy that on this the 40th Anniversary of the Company we are able to present you a Balance Sheet which must be considered satisfactory, viewed from any angle you like. For one thing, we have written in 1959 a larger net premium income than in any other previous year. My only regret is that we just missed the '40 lacs mark in our 40th year. Secondly, the Directors have found it possible to recommend a gross Dividend of 20% i.e. Re. 1.40 nP. net per share, for your approval. This is also an all-time record. Let me add that all this has been accomplished after increasing our Departmental Reserves by Rs. 2.40.000 and odd on the one hand and also after providing for and writing off bad debts to the tune of Rs. 77.941.86 nP. As an indication of the progress made by the Company (luring the past 10 years, may I mention that our Departmental Reserves as at the 31st December 1959 amounted to Rs. 20.34,960.95 nP. as against only Rs 6,40,540.27 nP. at the end of 1949?

Our Fire Department, as usual, has disclosed a satisfactory profit.

The net premium income also went up from Rs. 22,19,872.69 nP. to Rs. 25.60.432.98 nP. during the year. I unfortunately, our claims experience in the Accident and Miscellaneous Departments worsened still further despite our fairly selective underwriting. Almost all the Insurers are facing increased difficulties in this particular Department because of higher costs of repairs, increasing claims-consciousness on the part of the insuring public and the growing tendency to prefer huge claims even for a comparatively insignificant damage to the person or property of third parties. What is worse, it is nowadays extremely easy for most people to file a petition in *Forma Pauperis* merely with a view to extract as large a sum of money as possible, from the unfortunate Insurer. I am not certain whether even a further increase in rates of premium would be of any substantial help in this particular Department. Experience, the world over, points to the fact that the insuring public has a knack of getting back via. claims, at least what they pay in the shape of increased premiums.

Taking an over-all view, I am inclined to feel that we have acquitted ourselves fairly well in 1959. You may perhaps want me to express an opinion about 1960. While I do not know whether I can indulge in any prophecy at this stage, I would like to remind you of the

further substantial reduction in fire Premium Rates which has taken effect as from 1st January 1960. The Tariff Committee had to agree to this reduction with a good deal of reluctance. Being myself a Member of the Tariff Committee, I prefer not to offer any further comments in this connection.

The rates for Commercial Vehicles are likely to be stepped up in the near future. But I doubt very much whether any such increase will bring us any substantial relief.

I must also mention that as per reports received so far. the British Home Business has gone very bad this year because of several huge fires and all of us who have intimate connections with the British Market, are naturally worried on this account.

Speaking at the Annual General Meeting in September 1957, I had mentioned that Government had then decided that 50% of the insurance business written by the Indian Insurance Companies Association Pool would go to the Government-Controlled Companies, as from the 1st January 1957. As from April last, the share of the Government-Controlled Companies has been further increased to 75% and only the balance of 25% is to be shared amongst the Insurers in the Private Sector. The same has been the case in regard to the Aviation Pool. There also, the share of Government-(Controlled Companies has been in-

creased to 75%. Developments such as these have disturbed Insurance Executives in the Private Sector quite a lot. But we are helpless in the matter. The pronounced partiality for Companies in the Public Sector cannot make for confidence in the future. The writing on the wall is there for anyone who cares to read it.

Company Notes

Bombay Suburban

THE energy sales of Bombay Suburban Electric earned Rs 122 lakhs during the year ended March 31, 1960 at a gross profit margin of 29 per cent. Net profits after tax came to Rs 21.5 lakhs, representing 10.5 per cent on net worth and a little more than 12 per cent on equity capital. Dividend is Rs 8 gross. About Rs 10 lakhs has been retained in business out of the current year's earnings, excluding Rs 4 lakhs provided for consumers' benefit.

The rate of increase of energy sales continues to improve. It exceeded by 21 per cent during the year in 1958-59 and 1957-58, respectively. Nearly 13,000 new consumers were connected to the mains bringing the total number of consumers to more than 80,000. The maximum load on the company's system was 29,400 kW, an increase of 15 per cent over the previous year. The company now has 226 sub-stations, of which 18 were set up during the year; the transformer capacity of existing sub-stations has also been increased. Extensive developments are taking place in the company's area of supply due to industrial and residential expansion. Enquiries for large blocks of power have been received.

Lakshmi Mills

IMPROVED conditions in the textile market have enabled Lakshmi Mills of Coimbatore to increase their sales to Rs 392 lakhs during the year ended March 31, 1960. Gross profit margin on them rose from 13 to 15 per cent, and profit after tax from Rs 23 lakhs to Rs 29 lakhs. Net earning on capital invested has consequently gone up from 11 to 14 per cent, on net worth from 14 to 16 per cent and on equity capital from 22 per cent to 27 per cent. Dividend has been raised from 12 per cent *net* to 20 per cent gross. Out of the total profit of Rs 29 lakhs, Rs 21 lakhs

Some time back, certain concrete and healthy suggestions were put forward for improving the general tone of the market. It is most unfortunate that these suggestions were not acceptable to the Executive Committee. What has only happened is that there has been a sort of palching-up according to certain preconceived notions. This has happen-

ed very often in the past and has led us nowhere. One does not know how long things will be permitted to keep on drifting in this manner. There is at least no immediate relief in sight.

NOTE: This does not purport to be a record of the Proceedings of the Annual General Meeting.

has been distributed and Rs 8 lakhs retained in business.

Nearly 60,000 spindles were worked in Coimbatore mills and more than 51,000 spindles in the Kovilpatti mills. 100 automatic looms have been added to the 200 plain looms installed at the Coimbatore mills. The installation of the full complement of about 22,000 spindles at the Palladam mills was completed in October last year.

National Rubber

NET sales of National Rubber increased (from Rs 158 lakhs) to Rs 194 lakhs in 1959 and earned a gross profit margin of 6.7 per cent. Net profit after providing for deferred tax liability comes to nearly Rs 6 lakhs and represents 4 per cent on capital invested and 8 per cent on net worth. Net earning per equity share is Re 1 against 60 nP in the previous year. Dividend is 85 nP.

All major plant and machinery with the exception of belt press and some cycle tube manufacturing machines — were received by the end of the year. Further expansion of cycle tube production has been taken in hand and is expected to be completed during the current year along with substantial expansion of capacity for transmission and conveyor belting.

Bank of Rajasthan

IN spite of the relatively limited scope for utilisation of its funds, the Bank of Rajasthan was able to raise the ratio of advances to total deposits to 38 per cent at the end of 1959, against 32 per cent in the previous year. The total of its liquid assets, i.e., cash, balances with other banks, money at call and short notice and investments, aggregated 67 per cent of deposits against 48 per cent for all scheduled banks. Nearly all investments mature within ten years and their market value is more than the book value shown

in the balance-sheet. Total deposits at the end of the year amounted to nearly Rs 5 crores and were Rs 38 lakhs higher than at the end of the previous year.

The ratio of interest and commission earned to interest paid turned slightly unfavourable in 1959 but net profits rose from Rs 1.10 lakhs to 1.20 lakhs. Net earning per equity share rose from 12 per cent to 13.7 per cent. The dividend has been raised from 6 per cent *net* to 8 per cent gross.

Estrela Batteries Ltd.

NET sales of Estrela Batteries during the year ended March 31, 1960 amounted to Rs 95 lakhs, and earned a gross profit margin of 7 per cent. Net earning after tax came to Rs 2.54 lakhs, representing 6 per cent on capital invested. 8½ per cent on net worth and Rs 6.10 per equity share. Dividend is Rs 4.50 gross.

Mysore Sugar

MYSORE SUGAR, a Government-controlled company, earned Rs 287 lakhs from net sales during the year ended June 30, 1959 against a slightly smaller amount in the previous year. Net earning of Rs 12 lakhs, same as in the previous year, represents 10 per cent on net worth and Rs 5.50 per equity share. Dividend is Rs 3 gross.

Chembra Peak Estates

THE tea and coffee sales of Chembra Peak Estates of the Pierce Leslie group earned Rs 35 lakhs during the year ended March 31, 1960 at a gross profit margin of 214 per cent. Net profit after tax amounted to Rs 3.57 lakhs which represents more than 13 per cent on net worth and 38 per cent on equity capital. A gross dividend of 20 per cent has been declared.

Profits during the year were somewhat larger than in the previous year, though both tea and coffee crops were slightly smaller.