

Jay Engineering Works Limited

Speech of the Chairman, Lala Charat Ram

THE following is the speech delivered by Lala Charat Ram as Chairman of 24th Annual General Meeting of shareholders of The Jay Engineering Works Ltd, Calcutta on 28th September, 1961 :—

Ladies and Gentlemen,

It is a matter of pleasure for me to welcome you at the 24th Annual General Meeting of Shareholders of the Company. I am however saddened by the fact that, due to illness, our Chairman, Sir Shri Ramji, has been unable to preside personally at this Year's meeting. Sir Shri Ramji is now well on the way to recovery, and all of us fervently hope that he will soon be in a position to resume his active interest in the Company.

I am very much touched by the feeling reference of Lala Kishenlall Poddar to Sir Shri Ramji, and though, as a son, it is somewhat embarrassing for me, I must say that he has echoed the feelings of all those who have watched with interest and appreciation the progress of Jay Engineering Works Ltd. I shall convey these sentiments to Sir Shri Ramji who will be greatly cheered by the expression of affection by the Directors and Shareholders of the Company, for him.

The Directors' Report and the Balance Sheet and Profit and Loss Account for the year 1960-61, have been with you for some time, and with your permission, I shall take them as read.

Higher Exports and Reduction in Fan Prices

As you will have seen, Company's profit, after providing Employees' share of profit amounted to Rs 58.4 lacs in the year under review against Rs 52 lacs in the previous year. The increase in profit is comparatively lower because of higher exports and reduction in Fan prices to the consumer. Due to higher provision for Income Tax, the disposable profit is only slightly more than last year, and the Directors have therefore recommended to maintain the dividend at last year's level.

An idea of the progress made by the Company during the last 5.

year period can be had from the following figures. (See Table below)

Production Index Is much Higher

It is interesting to see that while the All-India index number of industrial production for all manufacturing industries, with 1956 as base, has gone up to 126 in 1960, the corresponding figures of our Company are. 207 for Sewing Machines and 440 for Fans.



Lala Charat Ram

Working results for the year are quite gratifying, and you will no doubt join with me in congratulating the officers, staff, and workers of the Company for putting in the hard work which has produced these results. Our special thanks are due to Shri Bishan Sarup Agarwal and Shri T R Gupta for the fine performance of our splendid team of personnel at all levels.

Consumers Are Benefited by Reduction of Prices

During the year, We reduced the prices of ceiling fans by Rs 5 and of table fans by Rs 2.50 each. This step was in keeping with the Company's policy of continuously sharing the fruits of economy of operations with the consumers. We have found that Indian society is financially so stratified that demand for durable consumer goods tends to be highly elastic, and with every reduction in price, a larger and

more numerous class of consumers opens up to the manufacturer. Voluntary price reductions therefore enable the company to move farther towards economies of large scale operation, with consequential benefit to consumers employees, shareholders and to the national economy.

Opening a New Unit at Hyderabad

The Chairman mentioned in his speech last year that we had applied for Industrial Licence for setting up a new unit for producing 3 lacs Sewing Machines per year. Government of India has since then granted the Licence, and plans for establishing the new unit — at Hyderabad — are in hand.

As I mentioned earlier, our exports during the year under review exceeded Rs 1 crore. This has been possible because of vigorous selling effort put in by the Company and its Selling Agents, at considerable sacrifice of immediate profits. It is a matter of pride for us that we have been in the fore-front of export promotion of engineering items like Sewing Machines and Fans, and have been able to get foothold even in industrially advanced countries like U K, U S A, West Germany, France, Australia, etc. However, the bulk of our exports is still to under-developed countries, and, as is natural, these countries, like our own, are anxious to build up indigenous manufacturing industries, Again, just like us, they have the foreign exchange problem. These factors put a limitation on the size of foreign markets, and the severe international competition for them makes the promotion — or even maintenance — of exports, a function of the efficiency and quality standards that we can command.

	Unit	1955-56	1959-60	1960-61
Net sale value	Crore Rs	3.1	7.2	8.9
Profit (after providing employees' share of profit)	Lac Rs	28.4	52.0	58.4
Production				
— Sewing Machines	Lac Nos	1.1	2.4	2.6
— Electric Fans	"	0.8	3.5	5.1
No. of retail points	Number	1115	1800	2000
.. .. Schools	"	150	700	800
.. .. Students	"	11000	50000	55000
Value of Exports	Lac Rs	21.0	82.5	113.0

Our country's need for foreign exchange for developmental purposes makes exports a matter of vital importance. The achievement of highest standards of productivity, efficiency, and quality thus calls for dedicated effort on the part of managers as well as workers, and no consideration of doctrinaire regard for vested 'rights' of employers or employees, should be permitted to interfere with this national effort.

Planning to Put Up Manufacturing and Assembly Plants in Foreign Countries

We have proposed to meet the challenge of exports by re-orientation of our policy in three respects. Firstly, we plan to develop further our exports to developed countries by making our products continuously more attractive to them on the basis of quality and prices: this will release us somewhat from dependence on underdeveloped markets which, by their very nature, will shrink as they develop. Secondly, we propose to start assembly and progressive manufacture of our products in those of our present export markets which are seeking to establish industries of their own. We have already got a Licence for putting up a unit in Ceylon, and are registering a Company Under the name 'Usha Industries Ltd.' as a subsidiary of our Company. It is proposed to have similar arrangements in other countries like Burma, Pakistan, Thailand, etc. Thirdly, we plan to help the industrial concerns in other countries to set up assemblies with a phased programme of progressive manufacture by giving them technical know-how, equipment, personnel and the supply of component parts. Such an arrangement has come in operation in South Vietnam and negotiations are going on in Iraq, Egypt and Yugoslavia,

You are probably aware that Government of India is proposing a programme of compulsory exports. A pre-requisite for the success of such a programme is an efficient system of rigid quality control so that sub-standard goods do not get exported. Otherwise there is the danger of export markets being spoiled for Indian goods, and good-will built over long periods will be lost. Means must therefore, be devised for checking such a situation,

We believe that in the existing circumstances there is no alternative to a programme of enforced exports. At the same time it is necessary to

create favourable conditions for those who are themselves willing to export. Our economy is tending to be a high-cost economy; for this reason, the need for matching the incentives which exporters of other competing countries enjoy, becomes all the more emphasized. Amongst export promotion measures awaiting Government action are, reduction in steel prices for Engineering goods, and the availability of long term credit at low rates of interest. Early decision on these will considerably stimulate exports.

It is a matter of gratification that Government has realised the need for offering Income-tax relief to exporting industries. While we are happy that the proposition has been accepted in principle I would like to submit to Government that the mechanics of granting the relief should be designed to avoid self-defeating delays and complications. I am moved to make this observation by our experience of existing incentives, with which it has unfortunately been the rule, rather than the exception, that mechanics of obtaining the promised reliefs have been far from simple and speedy.

I would reiterate the suggestion made by our Chairman last year that a High Power Committee should go into the matter of export incentives and should devise ways of weeding out causes which defeat or delay the inducements available to exporters.

Usha Displaces the Foreign Rivals

In internal market. USHA has become a byword for the highest value in manufactured goods and to a very large extent, consumer preference for foreign Sewing Machines and Fans has been displaced. It appears clear from the progress of our Company and from that of other large and small-scale manufacturers, [hat in our field there is absolutely no need for foreign know-how or capital, and indigenous resources are adequate for meeting the country's requirement of Sewing Machines and Fans.

Malpractices in the Trade

In this connection I refer with some distress to what our Company considers to be a situation not conforming with rules of fair trade practice. My reference is to the exploitation of internationally established trade-names by applying; them to goods which are produced neither

by the owner of those names, nor in conditions under which it is customary to permit such use. To the extent that such a practice conveys to the consumer an assurance which is not founded on facts, it needs to be discouraged in the interest of business ethics. There appear to have been only isolated instances of this type so far, particularly one in Sewing Machine industry, but the industry and Government have to safeguard against the continuance and spreading of this practice.

Progressive Employment Policy

This leads us to the need for building up the intrinsic strength of our industry. I referred a little while back to the pressing demand for high standards of productivity, efficiency and quality. Our Company is committed to a policy of 'High wages—low unit costs; and has been practising it for the past many years. By and large our experience with this concept has been encouraging, but the realization that the monetary impact of this policy must be reciprocated in ever-increasing measure by higher performance standards, requires more to be driven home. Employee relations in our Company are a worthy example to industries anywhere. I am therefore mentioning this not in a spirit of dis-satisfaction, but as a live fact which must be increasingly realised and translated into practice if progressive employment policies are to survive the forces of competition in internal and foreign markets.

Ladies and Gentleman, I am very proud of this opportunity of addressing you today, and I hope that operations of the Company in the year have been a matter of satisfaction to you. Thank you.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

Dunlop

THE Directors of the Dunlop Rubber Co (India) Ltd have announced that the Company has applied to the Controller of Capital Issues for consent to increase the issued ordinary share capital of the Company from Rs 3 crores to Rs 4.5 crores by the capitalisation of reserves and the issue of Bonus Shares on the basis of one new share for every two shares held.