THE ECONOMIC TIMES

Search for a new image?

The business community is exercised about its image—which is not too flattering—in the minds of the people, politicians and the Government. Business men would do well to look inwards a little objectively before they blamed either the politicians or the press. The spirit of fearlessness and the sense of higher values which were so evident in the pre-independence days are unfortunately missing today. In this article, the author points to a way out how the image of the business community can be re-established. He makes out a case that if from the long-term view of the country's economy some concrete proposals are made for a quicker solution of unemployment, improper utilisation of the country's scarce resources, etc., the industrialists and business men should set an example by positive action in the right direction.

By Viren J. Shah, M. P.

Unprecedented events have taken place in the Indian political scene during the last few weeks. Hardly any political analyst or political party could have hazarded a prediction a couple of months back as to what would be the shape of things during this period. The shake-up in the Congress party, the defeat, for the first time, of the official Congress candidate for the highest office in the country, and the almost total —though not unmerited—alienation of the so-called Syndicate will certainly have far-reaching consequences and influence the future political set-up and alignments in our country.

Being an important sector of the community, business men and industrialists are also interested in the current political activity, as in the social and economic life of the country. It is not surprising therefore that, of late, one comes across press reports about controversies or divergences of views amongst industrialists and business men at their meetings, like the recent one in Delhi. Naturally, industrialists and business men are concerned about their 'image'. This word originated perhaps in the United States and was popularised by the Public Relations boys of the Madison Avenue. It has undoubtedly been over-used, but for want of a better expression, one may continue to use it.

The business community is exercised about its image—which is not too flattering — in the minds of the people, the politicians and the Government. There is also a certain amount of insecurity in their minds due to the radical measures adopted by the Government, which the Congress party had advocated, but which until recently remained more or less paper resolutions. Both because of their content and manner of adoption, there is bound to be a concern at the likely growth of State controls in the different spheres of the economy, leading to restrictions on the freedom of operation of the private enterprise.

Look inwards

Whatever be the logic of thought, to my mind, the business community may do well to look inwards, a little objectively, before it blames either the politicians or the press for its popular image. Ultimately, an image cannot be totally different from the real self. Maybe for a short while, one could create impressions favourable or unfavourable which may not reflect reality; but eventually, it does come about that people judge you as you are.

There was a time, particularly before India attained independence, when the business community had certain cherished values in life, had character and the courage of conviction and the readiness to act accordingly. A number of business houses openly sided with the Indian National Congress and actively supported its activities even though there was a grave risk involved in opposing the mighty British Raj in India. The merchants or the industrialists would not hesitate to part with their money generously for good causes. Till the beginning of the Second World War, certain things were just not done; black-marketing, tax evasion, breach of word were alien to most business men and industrialists. After the war, things began to change. The temptation to make more money came to be increasingly evident and one could see the beginning of conspicuous accumulation and almost a vulgar display of wealth. Ironically, the sense of values declined in the post-independence period. The growing scarcity, the increasing controls, governmental interference, the need to please those in power led to several undesirable practices and concentration of wealth in fewer hands. A large number of entrepreneurs, small and medium size, established themselves and flourished. A few also acquired a disproportionately large economic power as has been brought out by the Monopoly Commission.

On the one hand, the business and industrial community, by and large, remained aloof from active politics; on the other, it came much closer to those who were in authority. Ideology or political philosophy hardly remained the criterion by which the business man would judge which particular party he would financially support. Party bosses and even Ministers began approaching top industrialists and business men for funds and the latter were always ready to oblige those in power, quid pro quo. In this process, the image of the business community became tarnished.

Just as the so-called Syndicate has come to acquire a certain image in the minds of a large number of people, so have the top industrialists and business men created an impression which can hardly be described as gratifying. If therefore the masses at large today think that our top echelons of business and industry are basically interested in self-aggrandisement, have no backbone to stand up for what they sincerely believe in, are perhaps collectively prepared to face the Government, but would individually hasten to assure those in power of their loyalty and their support, would they be totally off the mark?

Fear complex

Mahatma Gandhi and Jawaharlal Nehru wanted, amongst other things, individuals to cultivate a sense of fearlessness and both of them demonstrated this quality amply in their life. How does it happen that the Indian business community, which displayed such a splendid sense of courage during the British days, now demonstrates a substantial fear complex?

In a democracy, a citizen, howsoever low, should be free from undue fear of the State. A citizen who makes substantial contribution to the economic growth of the country should, in fact, have much less reason to suffer from a craven feeling or fear or lack of courage. It is therefore a painful phenomenon that a sizeable section of industrialists and business men should have reduced themselves to com-

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COMMENT

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forward of Rs. 4,572 against Rs. 44,645 brought in.

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Raneegunge Coal Association Limited: The company has produced a satisfactory report for the year ended March, 1969, showing a sizable increase in raisings from 7.64 lakhs tonnes to 9.93 lakh tonnes and in despatches from 8.28 lakh tonnes to 10.08 lakh tonnes and stepping up the taxable ordinary dividend from 7.5 per cent. to 10 per cent., absorbing Rs. 5.25 lakhs against Rs. 3.94 lakhs. The coke output was 18,957 tonnes and despatches 25,609 tonnes.

The accounts show a handsome increase in sales from Rs. 2.71 crores to Rs. 3.67 crores and a small decline in miscellaneous receipts from Rs. 7.61 lakhs to Rs. 7.24 lakhs. The net profit is higher at Rs. 7.12 lakhs from Rs. 4.25 lakhs after providing Rs. 13.65 lakhs (Rs. 1.41 lakhs) for depreciation, Rs. 3.81 lakhs (Rs. 5.44 lakhs) for development rebate reserve and Rs. 8.35 lakhs against Rs. 75,000 for taxation. A sum of Rs. 90,700 against Rs. 2.2 lakhs has been written back from sundry accounts, Rs. 50,000 provided from arrears of development rebate reserve Rs. 5.25 lakhs (Rs. 3.94 lakhs) for the dividend and Rs. 2.35 lakhs against Rs. 26,910 for general reserve, leaving a carry-forward of Rs. 24,150 against Rs. 21,481 brought in.

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Fort William Company Limited: The company again skipped dividend for the year ended March 1969. Keeping in view the good demand for carpet-backing cloth in the South Africa, the mills has installed 30 broad-looms during the year.

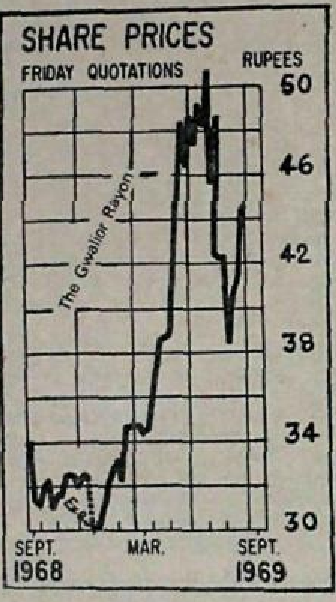
As regards the steel wires and ropes division, increased industrial output arising from a gradual revival in economic conditions in the country had helped in improving the demand for steel wire ropes. The delay in awarding of the rate contract by more than eight months had affected the prospects of the company catering to the sizable offtake by the D.G.S. and D. and other Government departments. The division exported goods worth Rs. 14 lakhs during the year and expects to maintain the trend of overseas off-

SHARE X-RAY

GWALIOR RAYON

By "The Economic Times" Research Bureau

This is a big rayon producing unit and was founded in 1947 at Gwalior. It secured 25th place in Economic Time's rating of 101 Industrial Giants. The works are situated at Birlanagar (Gwalior), *Birlagram (Nagda), Mavoor (Kerala)* and Bhiwani (Punjab). The com-



pany manufactures viscose staple fibres and cloth from art silk, staple fibres and other man-made fibres. Chairman: Mr. G. D. Birla.

Total assets at the end of March, 1969: 27.1 crores. Equity capital: Rs. 5.5 crores (including capitalised portion, Rs. 3 crores); Preference capital: Rs. 1.5 crores, reserves and surplus Rs. 10.6 crores. Secured loans: Rs. 3.1 crores (including debentures, Rs. 3.0 crores) and unsecured: Rs. 0.5 crore. Gross block: Rs 28.1 crores, accumulated depreciation: Rs. 15.8 crores.

The company proposes to issue a further amount of bonus totalling Rs. 110 lakhs, in the ratio of 1:5.

PROSPECT AND RETROSPECT

The company showed an encouraging improvement in its working results for the year ended March, 1969. Sales rose from Rs. 45 crores to Rs. 52 crores and pretax profits from Rs. 5.3 crores to Rs. 5.9 crores.

The production in the staple fibres division *rose from* 3.24 lakh bales of cotton in 1967-68 to about 4 lakh bales in the latest year. The pulp division also recorded an improvement of 2800 tonnes in production, despite the labour strike for some time in the year.

The company repeated the equity dividend at Rs. 1.75 per share but paid it on higher capital. The effective dividend for the latest year *works out to Rs. 1.93 per share.*

Equity earnings for the year ended March 1969 work out at 12.80 per cent of the current (September 9, 1969) market price of Rs. 44.50 cd. Gross yield: 4.06 per cent.

If dividends and bonus shares received and the change in the share price are taken into consideration, an investment of Rs. 100 [illegible] in the shares of M/s. Gwalior [illegible]yon *Silk Mfg. (Wvg.) Co. Ltd., two* years ago, is worth Rs. 182 today, after allowing for a normal return of six per cent. per annum.

This is a well managed unit, with a satisfactory record of past performance. Its growth rate has been good, though in the last few *years, it has slowed down.* At the current price, the yield is low, but the earning cover is sufficiently high. The share is worth holding.

Year ended March	Growth rate of gross block (%)	Sales (Rs. crores)	Pre-tax profits (Rs. crores)	Earnings per equity share (Rs.)	Gross dividend per equity share (Rs.)
1962	64.6	12.1	3.7	7.03	2.50
1963	25.7	13.2	3.0	7.81	2.50
1964	8.0	16.2	2.5	4.65	2.75
1965	7.4	22.3	3.0	5.59	3.00
1966	12.0	35.0	5.5	10.34	3.25
1967	19.0	39.6	6.2	6.34(a)	1.65(a)
1968	17.2	45.1	5.3	5.39	1.75
1969	4.9	52.0	5.9	5.68(a)	1.75(a)

(a) On increased number of shares.

SHARE PERFORMANCE (Face Value Rs. 10)

	1962	1963	1964	1965	1966	1967	1968	[illegible]
High (Rs.)	63.00	50.00	47.00	41.90	52.90	31.20	34.00	51.80
Low (Rs.)	40.50	39.50	36.00	31.25	24.80	20.80	20.36	29.80

Gujarat bid to attract units to rural areas

From Our Staff Correspondent

AHMEDABAD, September 10.

The State Government and the va-

to new pastures. The survey of first such district, the Panchmahals, is being finalised.

municipalities to exempt small industries from octroi to encourage rural industrialisation. Many civic bodies