CHOICE OF TECHNIQUE

IN the Economic Weekly, March 9, Mr. K. K. Kuri-hara once more confuses the issue about the choice of technique with an irrelevant numerical example. He shows three techniques, each employing 100 men. The most capital-intensive requires 100 units of investment and produces an output of 25 units. The next requires 50 units of investment for 10 units of output, and the last 25 units of investment for 4 units of output. From every point of view the first technique is superior to the other two. This line of argument can be used against, for instance, the Ambar Charkha which produces less output both per man and per unit of investment than a spinning mill, but it has no bearing on the choice between say, two types of looms, of which the less mechanised produces less output per man but more per unit of investment and the more mechanised, less per unit of investment and more per man. Could you not, as editor, draw the attention of your contributors to this simple point, instead of allowing them to continue to obfuscate the problem in print?

Ashok Mitra
New Delhi, April 6.

Company Meeting

The Shivrajpur Syndicate Limited

Speech of the Chairman Mr A N Haksar

The following is the Speech of the Chairman, Mr. A. N. Haksar delivered at the Fifty-Third Annual General Meeting of the Company, held in Bombay on Thursday, April 25, 1957:

Ladies & Gentlemen,

During the year under review it was not possible to step up the output of your Mines for reasons given in the Report, and Raisings amounted to 83,238 tons as against 91,427 tons in the previous year. However, there was an improvement in the supply of wagons, which enabled shipments and local sales to be increased to 117,482 tons as compared with 82,332 tons in the year 1954/55.

You will also be interested to hear that there has been a continued demand for manganese ore of all qualities, at prices which have shown a progressive improvement over those previously obtained. Although it was the intention of the Management to make new Forward Sales of your Company's Ore to regular Buyers for delivery in 1958 and 1959, consistent with their policy, it was not possible to do so due to the advent of State Trading. You are probably aware that the Government have proposed to canalise the Export of Manganese Ore in a progressively increasing measure through the State Trading Corporation, and that only limited opportunities might be allowed to mining and Trading interests for direct participation in the Export Trade, within the limits of the broad policy announced by the Government of India from time to time. As a beginning a Quota System of exports on a limited scale was introduced, and your Company was granted a Quota for a period of one year ending 30th June 1957, for the export of 73,650 tons. The Government has also indicated that the balance of ore due for shipment against your Company's old Contracts, which will remain after this Quota is exhausted (i.e. 85,494 tons), can be partly canalised through the State Trading Corporation on a commission basis of 6¼% of the Contracted Price and the remainder shipped subsequently against future Export Quotas.

New Sources of Supply

In December last, the Chairman and other representatives of the Syndicate interviewed the Officials of the State Trading Corporation in Delhi and as a result of the discussions which took place, the S.T.C. promised all reasonable facilities in future for disposal of your Company's Ores. However, it may not be out of place to mention here the risk involved to the country's economy as a whole, arising from the advent of State Trading in manganese ore. This is the risk of forcing overseas buyers in gradually increasing measure to turn to new sources of supply, with the result that India's very valuable export trade in this commodity might be very seriously reduced, or even irreparably damaged. State Trading has introduced a dislocation or partial disruption of the old trade channels at a time when the Export Duty on manganese ore together with higher freight rates for shipping caused by the closure of the Suez Canal, have substantially increased overall costs to the consuming countries. It is reported that the Bethlehem Steel Company in the U.S.A. has completed arrangements to extract 600,000 tons of manganese ore annually from its new Mine in Brazil, after 5 years of development and exploration. Of this quantity, about 200,000 tons will be made available for consumption by the American Industry and the remainder will go to the U.S. Government Stockpile. In addition, it is also learnt that the National Tungsten Corpo-
ration in the U.S.A. will soon begin exploitation of one of the world’s largest manganese deposits, namely a new reef located West of the Andes Mountains in North Chile. There has been increased competition from Russia and South Africa so far as the U.K. market is concerned, while yet another potential competitor is the new State of Ghana from where increasing quantities of ore are expected to be exported. Such sources of supply are likely to prove formidable competitors to the Indian Manganese Ore Trade, and this likelihood would become a certainty if once the steady flow of supplies from India became interrupted or erratic.

Furthermore, I would draw attention to a recent report in a Commercial Publication that a completely new method has been evolved of processing low grade manganese ore deposits in New Brunswick, Canada, and that a prototype plant has already been installed for this purpose. It is claimed that the process will prove economic and it is intended to erect a production plant capable of handling up to 5,000 tons of manganese per day to give an annual output of 75,000 tons of ferro-manganese and 75,000 tons of ingot iron. It is further claimed that the utilisation of the process on a broad scale would make the North American Continent completely independent of other sources of supply by making possible the treatment of low grade manganese ores, which hitherto were regarded as incapable of treatment.

**Estate Leases**

With regard to the question of renewal of the Shivrajpur Estate Leases, it will be recalled that my predecessor when he addressed you last year referred to the prospects of renewal of the old “North” and “South” Leases and expressed the hope that the Thakore Saheb would sign with your Company a new Lease for a period of 20 years. Unfortunately, due to the illness of the Thakore Saheb’s Adviser, execution of the Lease was delayed and in the meantime the Industrial Policy Resolution of the 30th April 1956 was announced by the Government of India. This ruled that new deposits of certain minerals, including Manganese Ore, would in future be worked only by Government, while old mining concessions could be renewed only after the prior approval of the Central Government. Accordingly the Thakore Saheb applied on the 16th October 1956, through the State Government, for the necessary consent to the granting of the new Lease. Your company has also followed up this appeal, and the Government’s reply is awaited.

Whilst on this subject, I might also mention that the Bauxite Lease of your Company at Kapadvanj, working rights of which have been transferred to the Associated Cement Companies Ltd., has been renewed by the Government in accordance with the Mineral Concession Rules, 1949, for a further period of 30 years from the 2nd January 1953.

It will be seen from the Report that various amenities, including the provision of further Buildings and Quarters, are being progressively provided for the employees at the Mines and I am happy to say that our relations with the labour and the Union’s Officials have continued to be cordial.

**Bonus Shares**

You will also have seen from the Report that permission has been granted by the Government to capitalise a portion of the Reserves by the issue of Bonus Shares. I may assure you that your Board of Directors has this question under active consideration and, if it should be decided that it would be in the Company’s interest to make any issue of Bonus Shares the Shareholders will be advised immediately.

Turning now to the Accounts, you will note that the layout of the Company’s Balance Sheet and Profit & Loss Account has been changed to meet the requirements of the Companies Act, 1956. The results for the year can, I think, be considered satisfactory, and adequate provision has been made for Taxation and other liabilities which the Company has to meet, for example, Retiring Gratuities to employees. In view of the large expansion programmes which are continuing to proceed on the Mines, particularly in the Pani and Bamankua areas, your Directors considered it prudent to set aside a sum of Rs. 7 lakhs to Mining Development & Prospecting Reserve. Rs. 1 lakh to General Reserve and Rs. 1.50 lakh to Equalisation of Dividends Reserve. After making these allocations, the Directors have recommended a dividend of Rs. 5/- per share and a bonus of Rs. 3/- per share, both free of Income Tax, for the year.

**Future Prospects**

As regards the future, both new development and existing Mining Operations are progressing satisfactorily. This, coupled with other measures taken in respect of modernisation of equipment and installation of an additional Generating Set, are calculated to increase production in due course.

The Government appears to be keen to promote exports of ore, and it is hoped that your Company will be granted an adequate Export Quota, thus enabling it to meet much of its shipping commitments during the current financial year. As against this, it should not be forgotten that there exist other factors such as the tendency to an increasing imposition of taxes, increasing costs of mining machinery and Stores, and transport charges, etc., which would increase total mining costs. In fact only last month it was announced that Government had increased the rate of Royalty from 7½% to 12% for manganese of 45% and over, and at the rate of 10% for ore below 45%. Nevertheless, consequent on the improved trend of the market, the future I feel need not yet be viewed with any undue pessimism.

**Note:** This does not purport to be a record of the proceedings of the Annual General Meeting which will be sent separately to shareholders.