

The discussion over the Select Committee's report in the legislature raises three main questions: (1) whether the managing agencies should be mended or ended, (2) what is the place of managing agents in the present corporate financial picture, and (3) are managing agents receiving remuneration out of all proportion to the contribution they make, and at the cost of the industries concerned?

As regards the future of the managing agency system, the trend appears to be against outright abolition. The Prime Minister himself has expressed the view that there is no point in fixing a target date for abolition, in view of the considerations arising out of the Second Plan. The lurking fear that the sudden termination of the system might disorganise industrial management and retard industrial development has tempered the critics.

Financial Contribution and Remuneration

FUNDS that managing agents provide for industry do not appear to be as important now as they were once. A study of Company Finances 1950-52, made by the Reserve Bank, goes to show that three-fourths of industrial finance is obtained from the internal resources of the industries themselves. Thus, for 746 public limited companies studied by the Reserve Bank, out of total capital resources of about Rs. 151 crores, during 1950-52, internal sources provided as much as Rs. 116 crores as against Rs. 35 crores obtained from external sources; of the latter, share capital and borrowings from banks provided Rs. 7.3 crores and Rs. 11.4 crores respectively. Managing agents do not appear to figure prominently in this scheme of corporate finance, their contribution being confined to the personal guarantees given by their directors, the value of which cannot be assessed from the small share of bank loans in the capital resources of the company. The managing agency system, however, it would appear, has to be valued as a source of corporate managerial talent rather than of finance.

As regards the remuneration received by managing agents, the ceiling (11 per cent of net profits) fixed by the Select Committee is a little less, but not much less, than what perhaps they are getting now. The study of the finances of 492 public limited companies made by the Taxation Enquiry Commission, for instance, shows that all forms of re-

muneration to managing agents in the period 1946-1951, amounted to about 14 per cent of profits before tax (including this remuneration). The Reserve Bank study of company finances referred to above, also shows that (for the 746 companies whose finances were studied) in the period 1950-52, managing agents' remuneration amounted to about 14 per cent of gross profits (after providing for depreciation). These figures are of course, derived from the published accounts of companies; the Actual size of managing agency remuneration may well be different, but it would be much more.

Bhoodan — Collection But no Distribution

THE figures for land distribution under the Bhoodan Movement made public recently brings to light how organisational inadequacy and lack of trained personnel hamper the progress of an otherwise inspiring movement. In an earlier issue, the progress of land collection was commented upon. As against the target of 5 crores of acres by the end of 1957, only 38,26,810 acres have been collected so far from 442,722 donors. Only 193,275 acres out of 38,25,810 acres received as

gifts, has been distributed so far to 52,134 landless families. That means that 95 per cent of the land collected is still lying with the donors. It is true that unless necessary legislative measures are brought forward by the State Government, transfer of title deeds would be difficult to effect.

But the delay cannot be attributed to legal difficulties alone. Even in a State like Bihar which has enacted the required land legislation, distribution does not appear to have made much headway. Out of the 23 lakhs of acres collected in Bihar, only about 3 lakh acres have been distributed. Moreover, as some portion of the collected lands, however small, has already been distributed in almost all the States, legal difficulties of transfer cannot be the only reason for the delay. It is quite likely that some of the lands donated may be cultivable waste and will require large initial investment to bring them under the plough. The landless labourers for whom lands are collected will not be in a position to meet such initial expenditure. The lack of able lieutenants and organisers around Vinoba must largely explain this failure in this crucial part of the Movement.

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