

April 4, 1964

# Canara Bank Limited

## Chairman Reviews Progress

Addressing the shareholders at the Annual General Meeting held at Mangalore on 20th March 1964, Shri K. P. J. Prabhu, Chairman Canara Bank Limited, made the following statement.

**T H E** year 1963 was yet another year of continued progress for the Bank. There was all-round improvement in deposits, advances, investments and profits despite the stresses and strains which the banking system had to face during the year.

Our deposits registered an impressive rise of 42.3% and stood at Rs. 72.37 crores at the end of the year. This compares favourably with the increase of 10% registered by the entire banking system during the year. The increase in the deposits of our Hank was made possible by the efforts of our old as well as new branches, as also of the branches of the banks taken over by us during the year. We have now a network of 239 branches spread all over South India as well as in some of the important cities of the North.

During the year, we took over the selective assets and the outside liabilities of the S. P. V. Bank, the Cochin Commercial Hank, the Aarnad Bank and the Pandyan Hank. The merger of Pandyan Bank with us has been hailed as the biggest merger in recent years. Apart from enabling our bank to expand the sphere, and range of activities, these mergers have also helped to significantly strengthen the banking system of the South.

The management is aware that this increase in the activities of the Hank and in prestige have cast additional responsibilities on them. Many of the taken-over branches are situated in relatively small places where banking habits have yet to develop fully. We have reason to be happy that the task of developing these areas has fallen on us and we shall endeavour to fulfil this task to the best of our ability.

We intend concentrating more attention on the development of the newly taken over branches. To begin with, we have grouped these branches so as to facilitate supervision and development work. The branches

in each group have been placed under a senior and experienced officer who is designated District Supervisor. Besides guiding the branch managers generally, he would survey the area, assess the potential and take steps to develop business in accordance with the local conditions obtaining. Our efforts along these lines will be intensified during the current year. You will be glad to know that, in this task, we will have the benefit of the experience of two of the erstwhile directors of the Pandyan Hank. Shri P. V. Mac-kav and Shri P. C. M. Ganapathy, who have joined our Board on our invitation.

### Additional Capital

As you are aware, additional equity capital of Rs. 25 lakhs was issued during the year to existing shareholders and staff. The response was encouraging and the issue was over-subscribed. With this issue, the entire authorised capital of the Hank amounting to Rs. 1 crore stands paid up. In view of the need to strengthen the capital structure further, a proposal to increase the Authorised Capital to Rs. 2 crores is being placed before you for consideration.

### Ownership of Shares

You will be interested to know that the pattern of ownership of the shares of our Bank has not only become broad-based but has also changed significantly in favour of smaller shareholders. Thus, between 1952 and 1963, the total number of shareholders increased by 3955. Against this, the number of shareholders owning 50 shares and below increased by 3327. At the end of 1963, the shareholders owning not over 50 shares each accounted for 87% of the total number of shareholders.

### Reserves

I would like to invite the attention of the shareholders to the fact that the bank has strengthened the Re-

serves further during the year, and the Reserve Fund now stands at Rs. 1 crore i.e., at a level equal to the paid up capital.

### Advances

The increasing role played by the Hank in the industrial development of the country is reflected in the marked rise in advances to Rs. 42.27 crores at the end of 1963 (against Rs. 26.93 crores at the end of 1962). The composition of advance<sup>^</sup> has changed from a predominantly commercial type to industrial-cum-commercial type, with increased participation in term advances to industries. Another notable feature of our advances has been that we are catering more and more to the small scale and medium sized industries thus fulfilling a national need by helping a vital sector of the economy. Contrary to the view expressed in certain quarters that banks have a preference for the bigger parties. I would like to assure you that our Hank has, within the framework of safety and liquidity, always tried to give all manner of assistance to the smaller entrepreneurs.

### Foreign Exchange Business

There has been a substantial increase in our turnover of foreign exchange business and the bank has been steadily improving its share in the financing of the country's foreign trade.

### The Working Results

The increase in business turnover, following the taking over of four smaller banks this year, is reflected in a sharp rise of earnings to Rs. 345.87 lakhs (Rs. 261.87 lakhs last year). However, there was also a marked rise in operating costs with the result that the net profits witnessed only a moderate improvement to Rs. 24.12 lakhs (Rs. 20.58 lakhs for the previous year). The main factor behind the higher level of expenses is the addition to the number of branches and staff consequent upon the taking over of four

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banking units, not to mention the fifteen new branches opened by the Bank during the year, I am sure that as the potential of these branches is further realised, these branches, will make a significant contribution to the Bank's earnings.

#### New Administrative Office Building

An important event during the year was the inauguration of our new Administrative Office Building at Bangalore. This magnificent structure, which embodies latest architectural and functional innovations, has been designed to meet the growing needs of our Bank.

#### Expansion of Training Facilities

In view of the substantial expansion of our activities resulting from the take-over of four more banks during 1963, we have need for a larger number of trained officers. We have therefore taken steps to provide facilities for a Senior Training Course at the Administrative Office, Bangalore. The first training course has already commenced and a large number of officers from the erstwhile Pandyan Unit partake the course with some officers from the older branches. The training facilities for the Junior course have also been expanded. A special training programme has been arranged at Maduria, after the take-over of the Pandyan Bank, for the newly take-over employees. I hope these facilities will enable our newer staff-members to equip themselves better for shouldering greater responsibilities, besides giving them a good knowledge of our system of accounting.

#### Staff

I am glad to report that the employee-management relations witnessed a distinct change for the better. The representatives of the management and the union were able to reach an agreement on the promotion policy to the satisfaction of both parties. I trust this will mark the beginning of a new era in employee-management relations.

Before I conclude, I would like to make a passing reference to the prevailing controversy about nationalising banks. The Government being committed to a mixed economy in the achievement of democratic socialism, the inevitability arises of allowing the private banking sector

to play its part in the financing of the private sector in production and distribution. In the welter of political pressures, an under-current of this thought is discernible from responsible quarters. Even as it obtains now, the Banking industry is in practice a regulated industry. Already one-third of the banking industry is in the public sector. A complete state monopoly of banking would eliminate the healthy com-

petition now obtaining not only between the State Banks and the banks in the private sector, but also between the banks in the private sector, and thus remove the only source of incentive for higher efficiency and better service.

*(Note This does not purport to be a record of the proceedings of the Annual General Meeting)*



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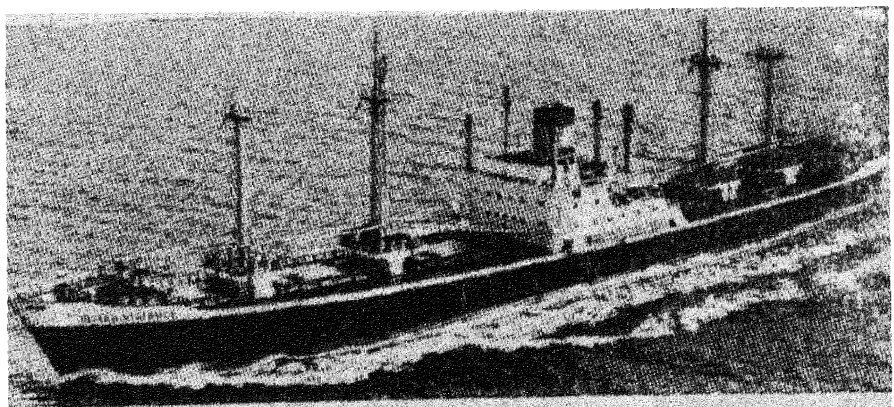
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