

**CHAPTER - VII**

**REVIEW OF MANAGEMENT STRUCTURE OF SOME  
SELECTED COMPANIES**

CHAPTER - VIIREVIEW OF MANAGEMENT STRUCTURE OF SOME  
SELECTED COMPANIES.7.1 Scheme for analysis :

We sent letters containing questionnaire to one hundred companies (50 large and 50 medium size companies)\* requesting them to send their Annual Reports for the years 1982-83 and 1983-84 on 5th February 1985.\*\* We got endearing responses from 26 companies together with their Annual Reports. We are thankful indeed to those companies who have boosted up our research initiative by sending their valuable and confidential information along with Annual Reports including letters of encouragement.

For reasons more than one, we collected 49 Annual Reports at random through personal contact from different companies and chartered firms in order to raise the total number to 75.

We do not claim that these seventy five companies can be taken as representatives of all the companies so far registered in India, but it will be evident from the Table A that they include different types of companies as regards their capital structure, ownership, nature of business or etc.

These seventy five companies on the basis of their

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\* Large and medium size companies as listed by the Research Bureau of the Economic Times, Calcutta, dated the 6th March, 1985 on the basis of sales for the years 1982-83 and 1983-84.

\*\* Specimen copy of the letter is attached herewith in Annexure I.

Annual Report 1983-84 have been grouped under six categories - first of all ten companies under category 'C' having paid-up-capital of rupees twenty crores or more; secondly, sixteen companies, grouped under category 'D' having paid-up-capital of rupees ten crores or more but less than rupees twenty crores, thirdly, fourteen companies under category 'E' having paid-up-capital of rupees five crores or more but less than rupees ten crores, fourthly, nine companies under category 'F' having paid-up-capital of rupees two crores or more but less than rupees five crores, fifthly, nine companies under category 'G' having paid-up-capital of rupees one crore or more but less than rupees two crores and sixthly, seventeen companies under category 'H' having paid-up-capital of less than rupees one crore (Table A).

Detailed study with critical analysis of these Annual Reports of 75 companies reveals many important features from which it will be easy to have a glimpse of present trends of company management in India.

## 7.2 Management pattern :

There is definite trend of management of Indian Companies towards Boards with Managing Directors. Out of 75 companies, 43 companies are managed by the Boards with Managing Directors i.e., about 70% and only 30% of the companies are managed by the Boards without Managing Directors. Again, out of 43 companies, 14 are managed by the Managing Directors with the help of the

Joint/Whole-time/Deputy/Executive Director or Directors and Executive President, Executive Vice-President. It amounts to about 32.5% of the total number of companies under review (Table B).

The inference that can be drawn from it is that companies have shown their preference to management by the Board with Managing Director/Directors to, the style of management by only the Board without Managing Director. In this respect, it is relevant to refer to the recommendations of the High Powered Expert Committee on Companies and MRTTP Acts (August, 1978) which states that "Public Limited Companies having paid-up capital of rupees fifty lakhs or more must have at least one managing or whole time director. Large size companies can not be successfully managed without somebody being specifically empowered with substantial authority of management."<sup>1</sup> (Para 5.9)

Propriety of the recommendation is discernible to critical analysis of the Annual Reports of the 75 companies in the Reports and Accounts for the year ending 1983-84.

### 7.3 Nominee Directors :

Out of 75 companies under review, 36 companies have nominee directors and 39 companies do not have similar managerial staff and structure. Total number of directors of the seventy five companies is 731 and total number of nominee

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1. Report of the High-Powered Expert Committee on Companies and MRTTP Acts, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, Government of India, New Delhi, August 1978, P-32.

directors is 82 i.e. nearly 11.22 per cent. An examination of the table 'K' will reveal that comparatively small companies have greater number of nominee directors. Companies under group G (Companies having capital Rs.1 crore or more but less than Rs.2 crores) have 19 per cent and companies under group 'H' (paid up capital less than Rs.1 crore) have 13 per cent of nominee directors of the total number of directors.

Different types of State Finance Corporations nominated 21 of the total number of 82 nominee directors i.e. nearly 25%, while Industrial Finance Corporation of India nominated 14 (17%), IDBI and ICIC nominated 11 each (13.4%) and G.I.C. 8 (nearly 10%) (Table J).

Critical analysis of Table J (25 large public Limited Companies) reveals that total capital employed in these 25 companies i.e. Rs.3059, 04, 48,081, total equity capital being Rs.339,86,12,249 and total amount of loan taken by these companies from Bank/Financial Institutions being Rs.1314,88,55,803. The amount of capital employed is nearly 10 times more than total amount of equity capital. Therefore, only one-tenth of the owners of capital have their representatives to the board of directors and nine-tenth of the owners of capital employed in these companies have no representatives. Over and above, total amount sanctioned by the Financial Institutions to the Companies has been published in the Economic Times, Calcutta, dated July, 29, 1985. It shows that total amount sanctioned by different

financial institutions rose from 232.9 crores in 1970-1971 to Rs.4023.3 crores in 1983-84. The total disbursement in this period went up from 145.8 crores to Rs.2905.9 crores in those period.

The publication further shows that out of the total cumulative sanctions by different financial institutions up to March, 1984 the private sector accounts for 75.5% and the balance i.e. 24.5% were shared by enterprises in public, joint and co-operative sectors.

The financial institutions now finance nearly 30 per cent of project cost of companies' issue capital. The institutions have thus assumed a position that without their support hardly any large project in private sector can materialise.

The cumulative assistance disbursed by financial institutions upto the end of March, 1983 amounted to Rs.12,195 crores. More than three-fifth of the total assistance was in the form of rupee loans. Foreign currency loans amounted to Rs.985 crores only. The balance were disbursed against shares, debentures and guarantees.<sup>2</sup>

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2. The Economic Times, Research Bureau, published in the Economic Times, Calcutta, October 2, 1984.

From the above, the following deduction can be made :

	1970-71	1983-84	Difference
Total amount sanctioned by the Financial Institutions	Rs.232.9 cr.	Rs.4023.3 cr.	Rs.3,709.4 cr.
Total disbursement	Rs.145.8 cr.	Rs.2905.9 cr.	Rs.2,760.1 cr.

Disbursements by financial institutions on 31.3.1983.

Rs.12,195 - Rs.10,095 (Rupee Loans) = Rs.2100 crores.

On 31.3.84 total disbursements to the Private Corporate sectors amounted to Rs.2905.9 crores. Therefore in one year it increased by Rs.805.9 crores.

Year	1	2	3	4
	Total amount of paid up capital of private sector companies registered. (In crores of Rs.)	Total amount of disbursement in companies by the financial institution. (In crores of Rs.)	Percentage of 3 on 2	Total No. of nominee directors
1970-71 (31.3.71)	2439 <sup>3</sup>	232.9	9.55	700 <sup>4</sup>
31.3.84	5314	2194.00	more than 41	Figure not available

The disbursement of financial institutions has been 9.55% of the paid-up-capital of the private sector companies in the

3. Sengupta Dr. N.K. 'Changing Patterns of Corporate Management, Vikas Publishing House, New Delhi, 2nd Revised Edn. 1983, P-232.
4. Sengupta N.K. Ibid P-221.

year 1970-71. It has increased to a great extent and more than 41% in the year 1983-84.

Representatives of the financial institutions had been in the region of 700. Actual figure upto the year 31.3.84 is not available. Yet it can be assumed that representatives of the financial institutions have not been increased in the same proportion of increase in shareholding by the financial institutions.

#### 7.4 Workers' participation in management :

It is very surprising to note that although in the constitution of India, workers' participation in management has been directed and several recommendations including valuable suggestions by the High Powered Expert Committee on Company and MRTP Acts under the chairmanship of Justice Rajinder Sachar (August, 1978) and several guidelines issued by the Government, there is no representative of the workers in the management of the 75 companies reviewed by us. It is high time to consider the recommendations of the High Powered Expert Committee on company and MRTP Acts under the chairmanship of Justice Rajinder Sachar (August 1978) with some modifications. This is, not only necessary for bringing industrial peace but also to formulate modern structure of company management for the smooth working of the affairs of the company. Mention may be made here, of the statement of Branton Neol, in his book 'introduction to the theory and practice of management' wherein he states,

"After all, the success of any board depends on the amount of co-operation which it can secure from below. But if those whom it governs have no sympathy for its aims because they can not understand them, the prospects for co-operation can hardly be described as good."<sup>5</sup>

#### 7.5 Social Responsibilities :

At present, the performance of a company is judged not only by the inflated amount of profit or high rate of dividend, declared but by the social responsibilities undertaken by it. In this connection it is worth mentioning the concept of social values by the companies in the Encyclopedia of Professional Management which reads :-

"Business has been considered and accepted as a dominant economic institution in society. Business may already be a dominant social institution, with social objectives pursued jointly with economic and political objectives."<sup>6</sup>

The business leaders in U.S.A. in 1971, while giving top priority to social 'Responsiveness of Business Corporation' formulated the policy statement and wrote as follows :

"There is now a pervasive feeling in the country that the social order somehow has been upset : and that greater affluence amid a deteriorating environment and community life

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5. Noel Branton M.Com. Phd. London Professor of the Dept. of Commerce, University of Strath Clyde - Introduction to the theory and Practice of Management, New and Revised Edn. 1971, Chartered Windus, London, Chapter-V, P-69.
  6. Encyclopedia of Professional Management, Editor in Chief Brittel Lester Robert, Grollier International, Danbury connectical, 1978, 2nd Vol. P-643.

does not make much sense. The discontinuity between what we have accomplished as producers and consumers and what went in the way of a good society has engendered strong social pressure to close the gap - to improve the way the overall American system is working so that a better quality of life can be achieved by the entire citizenry within well functioning community. The goals include : Elimination of poverty and provision for good health care; equal opportunity for each person to realize his or her full potential regardless of race, sex or creed; education and training for a full productive and rewarding participation in modern society; ample jobs and career opportunities in all parts of the society;

Liveable communities with decent housing, safe streets, a clean and pleasant environment, efficient transportation, good cultural and educational opportunities and a prevailing mood of civility among people."<sup>7</sup>

But in India social responsibilities have become more in theory than in practice. The seventy five companies reviewed by us clearly reflect the negligence or indifference attitude towards social obligations on the part of the companies. Though most of the companies are negligent of it, some of the large companies, practically all belonging to category 'C' and 'D' paid-up-capital varying from Rs.10/- crores or more have mentioned in their Annual Reports the matters regarding social

7. Op.cit. Encyclopedia of Professional Management, P-644.

obligations. Social obligations as identified by five companies out of seventy five companies reviewed by us are stated below in the same language as reported in the Annual Reports of those five companies.

#### SOCIAL OBLIGATION

**Tata Power Company  
Limited (AR. 1983-84)**

Our efforts in rural development and village welfare have continued. Promising candidates from among our employees' children have been selected for training in diverse disciplines. These include technical trades, watch and ward, Industrial Home Guards, Yoga and the martial arts. The efforts of the companies in their family planning Programmes have continued with new tapeoscopic equipment in and around our divisions.

**The Tata Hydro-Electric  
Power Supply Company Ltd.  
(AR - 1983-84)**

Our efforts in rural development and village welfare have continued. Our companies have rendered assistance in repairs of village wells, in the construction of village schools and in road repair works. To alleviate hardships caused by severe draught conditions in the Mulshi and Naval

talukas, your companies have supplied water regularly by tankers to 24 villages till the commencement of the 1983 monsoon. Our immediate response towards relieving the draught situation has been much appreciated by the villagers and the Government of Maharashtra. Promising candidates from among our employees children and from the villages adjoining our divisions have been selected for the Apprenticeship course in our training schools at Khopoli and Bhira. We hope that they will form a nucleus of skilled manpower for the developing regions of Maharashtra State. In addition to these welfare schemes, your companies efforts in their Family Planning Programmes have continued with renewed vigour with new laparoscopic equipment in and around our division in Maharashtra and Karnataka States.

The Andhra Valley  
Power Supply Company  
Ltd.(AR - 1983-84)

Our efforts in rural development and village welfare have continued. Your companies have rendered assistance in repairs of village wells, in the construction of village schools and now repair

work. To alleviate hardship caused by severe draught conditions in the Mulshi and Naval Talukas your companies have supplied water regularly by tankers to 24 villages till the commencement of the 1983 monsoon. Our immediate response towards relieving the draught situation has been much appreciated by the villagers and the Government of Maharashtra. We have tried to develop in this locality animal husbandry, poultry farming, drinking water, link roads etc. Over 1 lakh rural folk from 109 villages had avail of the comprehensive health care services delivered at their door steps at several places. As reported earlier, the company is also opening a large net work of new rural markets so that cement is made available to these remote and undeveloped areas.

Tata Iron & Steel  
Company Ltd.  
(AR - 1983-84)

The Company's Rural Development Programme continued to be extended during the year and now covers 230 villages, 120 around Jamshedpur and 110 around its mines and collieries. The Tatas Rural Development

Society received the award for 1983 for corporate initiative in rural development work from the Federation of Indian Chamber of Commerce and Industries.

All the Companies in India should follow the illustration as mentioned above, in order to prove their worths as socially viable.

#### 7.6 Two-Tier Form of Management :

The study team of the Administrative Reforms Commission on Company Law Administration suggested the possibility of the adoption of this pattern of two-tier boards in Indian Company Law on the German Model. This system has reconciled "the professionalisation and growing entrepreneurial role of executives leading to increasing self-reliance and independence of judgement, with the increasing pressure and control exerted by interested groups such as employees, the state or the reviving force of shareholders"<sup>8</sup> the executive board symbolising the later. Being influenced by the successful results of the company management in Western Countries some companies in India seem to be moving in this direction of entrusting actual management to groups of employee directors, at least informally. The Two-Tier Board is visible in number of companies within 75 companies reviewed by us. Some of the illustrations are given below :

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8. Recommendation of the study team of the Administrative Reforms Commission on Company Law Administration, Government of India, New Delhi, 1969.

1) **Good Year India Limited :**

There is an executive committee excluding the board of Directors. This is in the tune of Two-Tier Board.

2) **The Grab Tea Company Ltda**

There are five members in the Board. Board conducts its affairs with the help of a committee of local management of 12 members.

3) **A. C. C.**

Total number of directors in the Board is 18 - one Chairman, one Deputy Chairman, one Vice Chairman cum Managing Director, seven Directors, one Joint Managing Director, two whole Time Directors, two Financial Institutions' Nominee-Directors and three Special Directors.

There are six executive directors i.e. 1/3 of the total number of the board (33.33%) and 2 financial Institutions' nominee nearly 11% but percentage of equity shares held by Government, Government companies and statutory Corporation is 37.77.

In this regard the declaration made by the ACC as published in the Economic Times, Calcutta on the 18.7.1985 may be worth noted :

'Bombay, July 17, the board of directors of Associated Cement Companies (ACC) announced that the company would not have a managing director, but would be managed by the board acting through the executive committee of the board of directors.'

A press release issued by the company in the evening on that date states 'Mr. T.V. Balan, whole time director, and Mr. A.L. Kapur, who has been appointed as a whole time director on the board, will share the day-to-day responsibilities for running the organisation under the direct supervision of the board of directors.'

4) Ion Exchange (India) Ltd. :

Two-Tier Board is visible in the top management structure of the company.

5) Polysarings Industries Ltd. :

There is a policy board of 4 members. Over and above, there is an executive committee of five members - 1 Vice President advisory, 3 G.M. and 1 Purchase Manager.

6) Ashok Leyland Limited :

There is a policy board with 11 members and executive directors of 5 members.

7) Indian Oxygen Limited :

In addition to a regular board, there is an executive committee consisting of 6 members - 4 from board and 2 from employees and outsiders.

8) <sup>&</sup> Bombay Dyeing/Manufacturing Company Ltd. :

Over and above the regular board, there is an executive committee consisting of 10 members - 3 Presidents and 7 Vice-Presidents/General Managers.

9. In Tata Iron and Steel Company there is an executive committee in the line of Two-Tier Board.

In Table-B, it has been clarified that there are 12 companies (3 from companies of 'C' category, 5 of the companies grouped under 'D' category, 1 each of the category 'E' and 'F' and 2 of the category 'H') which are managed by the system of Two-Tier Board.

Though Administrative Reforms Commission opined that the time is not yet ripe for writing into our company law, a specific provision for setting up two-tier boards seems wise council and the Sachar Committee Report (1978) in para 5.7 also express itself against the scheme of compulsory adoption of a two-tier board in India, yet there is visible sign of introduction of this system of management in as many as twelve number of companies within 75 companies under review (Table B). We firmly hope that this trend is bound to get more and more pronounced.

#### 7.7 Peoples Participation in Management :

Out of the 75 companies reviewed by us, there is only one company namely KALLERU PAPER LIMITED that has one director representing the public (Table G). It is very interesting and commendable no doubt.

### 7.8 Professionalisation of Company Management :

Though we sent letters with questionnaires to one hundred companies, we received replies only from 26 companies. From the answers of the questionnaires, it is very difficult to determine professionalisation of top management of companies in India. "In the Indian context, professional management is used as a synonym for management by non-proprietary managers."<sup>9</sup> This has been justified once again by the study of 26 filled in questionnaires regarding queries about professionalisation of company management. Out of 26 companies 20 companies claimed that their top managements are manned by professionals. It indicates more than 80 per cent of the companies.

Total number of executives belonging to different categories of those 26 companies are as follows :

Sl. No.		No.
1.	Chairman cum Managing Director	1
2.	Managing Directors	17
3.	Deputy Managing Directors	8
4.	Joint Managing Directors	2
5.	Executive/Financial/Chief Executive/ Technical Directors	21
6.	Whole-time Directors	2
7.	Vice Chairman Cum Managing Directors	5
8.	President cum Managing Director	1
<b>TOTAL</b>		<b>57</b>

(1st two category of companies under Table - A)

9. "Recommendations of the Administrative Reform Commission Relating to the Companies Act", paper presented by Dr. N.K. Sengupta at a seminar, Calcutta, February, 1960.

General, educational professional qualifications of the top management (here, top management indicates only Managing Directors and Whole-time Directors) of the 26 companies reveal as under :

Sl. No.	Nature of qualifications	No. of Executives	Percentage
1.	Persons both professionally and educationally qualified	27	47.4
2.	Persons educationally qualified but not professionals	21	37
3.	Persons claim professionals but not educationally qualified	4	7
4.	Persons neither professionals nor educational qualifications but substantial financial stake	4	7
5.	Detail information not available.	1	1.6
		57	100

It is very difficult to get exhaustive data from companies about the educational or professional qualifications of the governing directors, companies in general expressed their inability to furnish information about educational qualifications or professional qualifications on the ground that this information are not required to be kept by them under the Companies Act, 1956. Regarding queries about professionals, practically all claim that all the directors are professionals including nominee directors of the Government and financial institutions.

From the figures stated above it may be apparent that number of companies are now led by professional managers.

In reality, perhaps the fact is reverse, because despite legislative change, there is persistence of divine right of management which stood in the way of truly professionalisation of management in Indian Companies. 'In the West, the form of control has been described as management control but the difference is that, in the West, management now means, highly professional group while in India it is still by and large a family group'. The general notion of Indian businessmen is that they need professionals, but they (professionals) would be under their control. Professional will act like lieutenants having no decision making authority. The policy making authority will be exclusively in the hands of the entrepreneurs. By studying the Annual Reports of the Tata group of companies, A.C.C., Bombay Dyeing and Manufacturing Co. Ltd., Indian Oxygen Ltd. etc., we may say that, these companies have included some employees, technically experts in their board of directors.

However, in fact, the healthy trend is that, gradually the young members of the controlling family are becoming professionally equipped. This is good sign no doubt, although according to Arabinda Ray, "it is the owner manager or the entrepreneurial class which to-day constitutes the greatest challenge to the professional manager in India."<sup>10</sup>

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10. Ray Arabinda, The Indian Manager in Search of Style, The Macmillan Co. Bombay, 1970, P-40.

## 7.9 Public Disclosure :

Annual Reports of the companies are the only source through which Government, share-holders, public and academicians can be aware of the affairs of the company and their activities during the preceding year. But most of the companies under review do not disclose clearly many facts. They try to disclose only those matters which are legally obligatory to state. As for example, except a few companies, it is very difficult to find out distribution of share holding of different categories of share-holders, financial contributions made by the financial institutions both in (equity and preference) debentures and loan. Detailed information regarding subsidiaries, and even group or business-house to which they belong are not clearly understandable. Not only that, the annual reports of the companies are not easily available. Microscopic letters in the Annual Reports about the subsidiary companies of some of the Holding companies are not at all legible.

Yet some of the companies have given sufficient informations regarding shareholding etc. They are stated as follows :

- I. The Tata Iron and Steel Company Limited, Seventy Seventh Annual Report - 1983-84 Distribution of share holding :

Number of shares			No. of shareholders	
			31.3.1984 (%)	31.3.1983 (%)
1	to	10	52.06	50.85
11	to	50	32.03	32.84
51	to	100	8.12	8.29
101	to	1000	7.53	7.83
Over		1000	0.26	0.29

Categories of shareholders :

Category	Number of shareholders		Voting strength		Number of ordinary shares held	
	31.3.84	31.3.83	31.3.84	31.3.83	31.3.84	31.3.83
Individuals	88,138	102,292	45.01	46.91	3241,714	3,378,329
Companies	286	211	5.37	5.94	346,953	427,980
Government Public Financial Institutions and Insurance Companies	29	44	43.28	40.46	3118,553	2,913,758
Nationalized Banks and Trusts	21	27	6.34	6.69	456,418	481,571
<b>TOTAL</b>	<b>88,454</b>	<b>102,574</b>	<b>100.00</b>	<b>100.00</b>	<b>7261,638</b>	<b>7,201,638</b>

Note : The number of shareholders for the previous year is inclusive of Preference shareholders, who have been allotted 14% Non-convertible Bonds in cancellation of shares.

Comment : It is evident from this chart that on 31.3.1994, Government, Public Financial Institutions and Insurance Companies have 43.28 per cent shares by holding 3,116,553 shares out of total 7,201,638 shares (all ordinary). But there are only 3 nominee directors, two by financial institutions and one by Government. According to proportionate shareholding, nominee directors by the Government and Financial Institution should be at least 5.

Tata Iron and Steel Company (AR.1984) seems to us an illustration of ideal disclosure.

II. The Tata Power Company Limited (Shareholding Organs)  
(Sixty-fourth Annual Report 1982-83)

Shareholding organs	No. of Members	Prof. shares		Ordinary shares	
		Face Value Rs.	Percent	Face Value Rs.	Percent
L.I.C.	1	22,41,500	13.92	88,62,700	5.43
Other Insurance Co.	5	11,04,500	6.86	55,84,400	4.13
Nationalised Banks	7	5,81,500	3.61	27,70,500	1.73
Other Banks	5	40,000	0.25	2,19,800	0.14
U.T.I.	1	38,99,500	23.85	91,84,000	5.78
Other Financial Institutions	6	1,000	0.01	24,84,000	1.56
	25	7,80,800	48.50	2,99,08,300	18.75
Individuals	68,983	77,34,200	48.04	12,15,72,200	78.21
Miscellaneous	222	5.58,300	3.46	80,47,000	5.04
<b>T O T A L</b>	<b>89,230</b>	<b>1,81,00,800</b>	<b>100.00</b>	<b>15,95,27,500</b>	<b>100.00</b>

**Comments :-**

- 1) Though Government sponsored financial institution held 18.75% shares, there is no nominee directors to the Board.
- 2) Preference share holding by these institutions is 48.80% whereas equity shareholding is on 18.75%.

**III. Tata Hydro-Electric Power Supply Company Limited**  
**Distribution of shares**  
**(as on 31st. March, 1984)**

Shareholding Organs	No. of shares	Preference Shares		Ordinary Shares	
		Face Value	Percentage	Face Value	Percentage
		Rs.		Rs.	
Life Insurance Corporation of India	1	21,84,400	24.48	,58,10,400	8.55
Other Insurance Companies	5	93,300	1.05	44,45,800	6.78
Nationalised Banks	7	2,69,400	3.02	10,94,100	1.67
Other Banks	4	5,800	0.06	87,100	0.10
Unit Trust of India	1	14,77,700	16.55	33,20,200	5.06
Other Financial Institutions	5	-	-	22,40,600	3.42
	23	40,32,600	45.17	1,67,78,200	25.58
Individuals	27,685	44,37,800	49.70	4,73,14,800	72.12
Miscellaneous	155	4,57,800	5.13	15,07,000	2.30
<b>T O T A L</b>	<b>38,063</b>	<b>89,28,000</b>	<b>100.00</b>	<b>6,56,00,000</b>	<b>100.00</b>

TATA POWER COMPANY LTD. (as on 31st March 1983)

	No. of shares	Preference Shares		Equity Shares	
		Face Value	Percentage	Face Value	Percentage
L.I.C.	1	22,41,500	13.92	86,62,700	5.43
Other Insurance Companies	5	11,04,500	6.88	65,84,400	4.13
Nationalised Bank	7	5,81,500	3.61	27,79,500	1.73
Other Banks	5	40,000	0.25	2,19,800	0.14
U.T.I.	1	38,39,500	23.85	91,84,000	5.76
Other Institutions	6	1,000	00.01	24,86,900	1.56
	25	78,08,000	48.50	2,99,08,300	18.75
Individuals	68,983	77,34,200	48.04	12,15,72,200	76.21
Miscellaneous	222	5,58,300	3.46	80,47,000	5.04
	69,230	1,61,00,500	100.00	15,95,27,500	100.00

IV. The Bombay Dyeing And Manufacturing Company Limited (1983-84)

- i) It possesses executive board in the line of policy board consisting of 3 presidents and 7 Vice-Presidents/General Manager.
- ii) It has issued and subscribed capital of Rs.1500.00 lakhs. But total loan capital in year 1983 secured loan Rs.7,713.78 lakhs and unsecured loan of Rs.1,488.99 lakhs, in the year 1984 secured loan Rs.10,111.68 lakhs and unsecured loan of Rs.2,297.57 lakhs.

Loan from banks and financial institutions -

In the year 1983 secured Rs.5585.44 lakhs unsecured

Rs.1,105.99 lakhs Total Rs.7,691.43 lakhs and

In the year 1984 secured Rs.7890.05 lakhs unsecured

Rs.1,432.08 lakhs Total Rs.9,322.16 lakhs.

- iii) Almost total holdings of the share capital of subsidiary companies, there is also substantial portion of loan from banks by the subsidiary companies.

V. Mature Costs :

Total loan from banks and financial institution 2724.53

lakhs but there only one nominee by IC.I.CI. to the

Board. 40% are executive directors getting 1% of the

share of net profit.

VI. Glaxo Laboratories (India) Limited  
Distribution of Equity Shares as on 30th June 1984

Holding of	No. of shareholders	share held
1 to 25	26,979	6,41,802
26 to 50	32,642	15,51,144
51 to 100	43,011	32,85,749
101 to 1,000	10,767	24,00,225
1,001 to 10,000	155	2,65,557
10,001 and above	12	1,18,55,723

**Glaxo Laboratories (India) Limited**  
**Distribution of Equity Shares as on 30th June 1984**

Holding of	No of shareholders	Share held
<b>Held by</b>		
Glaxo Group	1	80,00,000
Unit Trust	1	13,11,542
L.I.C.	1	7,61,888
ICICI	1	4,80,000
GIC and its subsidiaries	6	12,45,766
Nationalised Banks	29	23,584
Other Companies	187	49,921
Individuals	1,13,340	81,27,279
	<b>1,13,566</b>	<b>2,00,00,000</b>

These tables showing distribution of shareholdings of some large companies.

**VII. A.C.C.**

Distribution of shareholding (Equity)

Number of shareholders and shares held

as on July 31, 1984 (as per 48th Annual Report 1983-84)

1984

Number of share holders	Number of share held
1 to 10 shares	32,293
11 to 25 "	15,103
26 to 50 "	7,803
51 to 100 "	5,080
101 shares and over	3,834
	<b>64,213</b>
	<b>33,23,117</b>

**Share holding by individuals, Corporation and  
Government, Government Companies and  
Statutory Corporations**

Shareholding Organs	Number of shareholders	Number of shares held
a) Individuals	3,933	19,46,388
b) Corporate shareholders	244	1,21,420
c) Government/Government Companies and Statutory Corporations	38	12,55,331
T O T A L	64,213	33,23,117

Percentage of shares held  
by Government Companies &  
Statutory Corporations                      37.77%

**7.10 Concentration of economic power by making group with the inter connected companies and through subsidiaries:**

Our review of 75 companies gives some light of concentration of economic power. Most of the companies belong to different big business houses and they control the power which are sometimes visible and some-times not. As for examples, Tata & Steel Company, the Indian Hotels Company Limited, the Tata Hydro-Electric Power Supply Company Limited, The Andhra Valley Power Supply Co. Ltd., Ashoke Lay Land, Tata Power Company Ltd., Bombay Suburban Electric Supply Ltd. belong to Tata Group. Hindustan Motors, the Indian Cable Company Limited, The century spinning And Manufacturing Co. Ltd., etc. belong to Birla group.

We have specifically taken some samples of the subsidiaries of the larger companies on which they have established full

control concentrating their power. They are stated as follows in accordance with the Annual Reports 1983-84 :

1. Subsidiaries of Duncans Agro Industries Ltd.  
Annual Report & Account 1984

Sl. No.	Names of subsidiary Companies	Financial yrs. ended	Extent of shareholding by Duncans Agro Industries Ltd.
1.	Ahalya Investments Ltd.	30.07.84	The entire issued share capital consisting of 4,50,000 E. shares of Rs.10 each and 4850 11% R.C. Pref. shares of Rs.100 each fully paid.
2.	Cape Investments (P) Ltd.	30.09.84	348080 E. shares out of the total subscribed shares of 348097 E. shares of Rs.10 each.
3.	Colorado Investments Ltd.	30.11.84	The entire issued share capital consisting of 4,50,000 E. shares of Rs.10 each and 4850 11% R.C. Pref. shares of Rs.100 each, fully paid.
4.	Dail Consultants Ltd.	30.06.84	39,993 E. Shares of Rs.10 each out 4,40,000 total subscribed share capital and 990-117. Non-Redeemable, Non-C. Pref. shares of Rs.100 each out of total 1000 pref. shares fully paid.
5.	Dail Investments Ltd.	30.09.84	The entire issued cap. consisting of 49,000 E shares of Rs.100 each and 100 11% R.Pref. shares of Rs.100 each fully paid
6.	Danube Investment Ltd.	30.11.84	The entire issued cap. consisting of 447870 E. shares of Rs.100 each and 4850 11% R.C. Pref. shares of Rs.100 each, fully paid.
7.	Duncans Tea Ltd.	30.06.84	9100 E. shares out of the total subscribed share capital of 10,000 E. shares of Rs.100 each, fully paid.

E = Equity;

R = Redeemable;

C = Cumulative;

Sl. No.	Names of subsidiary companies	Financial yrs. ended	Extent of shareholding by Duncans Agro Industries Ltd.
8.	Golconda Investment P.Ltd.	30.06.84	397590 E. shares out of the total subscribed share capital of 397592 E. shares of Rs.10 each, fully paid.
9.	New Tobacco Co. Ltd.	31.12.84	The entire issued share capital consisting of 450107 E. shares of Rs.10 each, fully paid.
10.	Quan Dong Investments Ltd.	30.11.84	The entire issued shares capital consisting of 4,50,000 E. shares of Rs.10 each and 4850 11% R.C. Pref. shares of Rs.100 each, fully paid.
11.	Stage Investments Ltd.	30.06.84	379090 E. shares and 1850 10% Non R., Non-cum. Pref. shares out of total subscribed share capital of 379150 E. shares of Rs.10 each and 11920 Pref. shares of Rs.100 each, fully paid.
12.	Uma Gouri Investment P.Ltd.	30.09.84	397590 E. Shares out of the total subscribed Equity share capital 397592 shares of Rs.10 each fully paid.
13.	Veeryalakhmi Investments P.Ltd.	31.8.84	299940 E. Shares out of the total subscribed E. share capital of 4,99,900 shares of Rs.10 each fully paid.

E = Equity.

Total investment in the subsidiaries Rs.9,19,98,000 sub/paid-up-capital Rs.2,91,84,000.

2. Subsidiaries of Cast Tyres of India Limited  
26th Annual Report 1983-84

Sl. No.	Name of Subsidiary company	Financial year ended	Extent of Interest of Cast Tyres of India Ltd.
1.	CYI Investment Ltd.	31.3.84	The entire issued 2,39,500 E. Shares of Rs.10 each and 50 12½ Pref. shares of 100 each fully paid.
2.	Cast Investment Ltd.	31.3.84	The entire issued 2,39,500 E. Shares of Rs.10 each and 50 12½ Pref. shares of Rs.100 each fully paid.
3.	Cast Finance Co. Ltd.	31.3.84	Same as above.
4.	Mahabar Coastal Holdings Ltd.	31.3.84	The entire issued 10 equity shares of Rs.10 each and 7550 Pref. shares of Rs.100 each fully paid.
5.	Allantic Holdings Ltd.	31.3.84	The entire issued 10 Equity Shares of Rs.10 each and 10,050-12% Pref.

Total investments in the subsidiaries Rs.1,59,66,000

Out of total paid up capital of Rs.6,21,44,000

3. Subsidiaries of Mahindra & Mahindra Limited  
Annual Report 1983-84

The Indian Eastern Engineering Co. Ltd.	Cap. Employed Rs. 256,070	Share capital Rs. 226,070	Loan from Holding Co. Rs. 30,000	All the shares are held by the Holding Company.
Mahindra Oven Ltd.	Cap. Employed Rs. 27980,787	Share capital Rs. 4541,500	Loan taken from Bank and Maharashtra State F. Corporation Rs. 13963,073 From Holding Co.	All the shares are held by the Holding Company.

Nagubdra Sintered Products Limited	Rs. 51082,802	Rs. 5839,610	Loan of 21130,535 taken from Bank Maharashtra I.O. Corporation.	Most of the shares are held by the holding Co.
Mahindra Engineering Chemical Products Ltd.	Rs. 11738,825	Rs. 3535,820	Loan 11757,825 All the amount taken from Bank & Financial Institutions.	All the shares are held by the Holding Co.
Mahindra Export Limited	Rs. 1000,070	Rs. 100,007	No loan	Wholly owned 2 directors.
Mahindra Hellent Auto Industries Ltd.	No information given	No information given	No information given	No information given.

#### 4. Subsidiaries of the Bombay Dyeing and Manufacturing Co. Ltd.

Sl. No.	Name of the subsidiary Co.	Capital employed	No. of Directors	
1.	Archway Investment Company Pvt. Ltd.	Share cap. 2,000 Loan 50,000 (from the B.D. & M Co. Ltd. D-1982-83 E. Share of Rs. 100 E. Fully paid up - 200 11% No. cv. R/P/ shares of Rs. 100 1800 each 2000	2 Directors	All shares held by the B.D. & M. Co. Ltd.
2.	Scal Investments Ltd.	Share cap. Rs. 25,00,000 Loan Rs. 1,78,25,000	5 including 1 c.m.	Entire shares are holding B.D. & M. Co. Ltd.
3.	Pantafil Investments Ltd.	Share cap. 6898 4898 E. share of Rs. 100 each 18 of Rs. 100 each.	2 Directors	All shares
4.	Macrofil Investment Ltd.	Share cap. 1,00,000 Loan Fund 25,00,000	5 Directors	Entire shares held by B.D. & M. Co. Ltd.
5.	Blue Bell Investment Ltd.	Share cap. 2,00,000 Prof. shares of Rs. 100-18 Investment Ltd. 8 shares and by		

E = Equity.

5. Subsidiaries of Associated Cement Company Ltd.

1.	A.C.C.-Babcock Ltd.	Share cap Rs. 12.4200	6 directors including (M.D.)	Out of 1242000 E. shares of Rs.100 each 815482 shares are held by Holding Co. Total loan of Rs.29.5409 crores 26.5409 crores secured loan and 205475 unsecured loan from Bank & F. Ins. & Army Group Insurance.
2.	Babcock & Hilcox India Limited	Share cap Rs. .3400 R/surplus " .7500 Loan " .7500 Rs. 1.8605	6 directors with one chairman.	Out of 3400 E. share of Rs.100 each 22,00 E. share are held by ACC-Babcock Ltd. total loan from Bank.
3.	Associated Tyre Machining Co.Ltd.	Share Rs. .2000 R/Surplus " .2294 Loan " .2234 Rs. .6828	4 directors including one chairman one M.D.	Out of 20,000 equity shares of Rs.100 each the A.C.C. Co. Ltd. holds 14800 equity shares Total Loan of Rs.2234 crores is taken from Nationalized Bank.
4.	The Cement Marketing Company of India Ltd.	3510 E. Shares of Rs.10 each paid - Rs. 35100 all held by Holding Company Ltd.(A.C.C. Co. Ltd.) Re/surplus Rs. 4336 Rs. 70436		

E = Equity; R = Reserve; F.Ins. = Financial Institutions;

**6. Subsidiaries of the Indian Hotels Company Ltd.**

1. Tata Investment & Finance Co. Limited (TIFCO)	246,100 E. shares of Rs.10 each all held by the Holding Co. Total loan - Rs.1840888 are from H.Co.	7 directors with 1 chairman.
2. Tag International Hotels Incorporated U.S.A. (TIHI)		5 Directors with chairman.

Both are wholly owned subsidiary by the Indian Hotel Company Ltd.

**7.11 Review of 75 Companies :**

TABLE-A

75 Companies grouped on the basis of paid-up capital in the business 1983-84

Sl. No.	Categories according to paid-up capital	Number of Companies	Percentage of the numbers included in the group	CATEGORY
1.	Companies having paid-up capital of Rs.20 crores or more.	10	13.3%	C
2.	Companies having paid-up capital of Rs.10 crores or more but less than Rs.20 crores.	16	21.3%	D
3.	Companies having paid-up capital of Rs.5 crores or more but less than Rs.10 crores.	14	18.7%	E
4.	Companies having paid-up capital of Rs.2 crores or more but less than Rs.5 crores.	9	12%	F
5.	Companies having paid-up capital of Rs.1 crore or more but less than Rs.2 crores.	9	12%	G
6.	Companies having paid-up capital of less than Rs.1 crore.	17	22.7%	H
TOTAL		75	100	

TABLE-8

Pattern of management of 75 companies according to paid-up capital 1983-84

TYPE OF management	Percentage of companies having paid-up capital more than Rs. 20 Crores or less than Rs. 20 Crores.									TOTAL NUMBER	Percentage of type of management on the total number of Cos.
	2	3	4	5	6	7	8	9			
1. By Board with single person as Managing Director cum Chairman or 1 Managing Director and 1 Chairman or 1 Managing Director	3	4	2	1	5	9	25	33.3			
2. By the Board with Managing Director with the assistance of Executive Director/Directors or more than one Managing Director or Deputy Director/Directors.	3	6	4	3	2	1	19	25.3			
3. By the Board with Managing Director assisted by whole time director/directors.	-	-	1	1	-	-	2	2.7			
4. By the Board with chairman (without managing director)	1	1	6	3	1	5	17	22.7			
5. By the pattern of Two-Tier management	3	5	1	1	-	2	12	16%			
	10	16	14	9	9	17	75	100%			

Table-B on analysis shows a very interesting result.

Firstly, approximately 33.3% of the companies are managed by the Board with single person as Managing Director cum chairman or with 1 chairman and 1 managing director. This type of management has got preponderance over all other types of management. 25 per cent of the companies are managed by the Board with Managing Director, assisted by Executive Director/Directors/Deputy Director/Deputy Directors. But percentage of the companies managed by the Board with Managing Director, assisted by whole time Director/Directors is only 3 (approx.). While companies managed by the Board with a chairman but without Managing Director are 23 per cent. The last category i.e. pattern of Two-Tier Management is of 16 percent.

Inference drawn from the results of this table is that the system of Management by Board with single person CM cum MD or 1 CM and 1 MD is still popular in India. Next comes the position of multiple executives. The most important point which is worth mentioning here is that the pattern of Two-Tier Management is gaining popularity day by day in company Management process and pattern in India.

TABLE - C

Management pattern of Companies having Paid-up-capital of Rs.20 crores or more.(1983-84)

1	2	3	4	5	6
Sr. No. of the Company	Paid-up capital in Rs.	No. of Directors	No. of F.Inst./Government Members	Form of Management	Number of Executive
1 Tata Iron & Steel Co.Ltd.	62,85,82,113	13	1 (Govt.)	Board of Directors with 1 chairman, 1 vice-chairman and Managing Director. There is also executive type of Board with 14 members with Managing Director and head of the Organisation.	2
2 Tata Engineering Locomotive Co.Ltd.	43,20,08,800	18	Nil	Board with Managing Director, 1 Chairman 1 Deputy Chairman, 1 Managing Director, 1 Vice-Chairman and Managing Director, 4 Executive Director with Executive Board.	4
3 A.C.C. Ltd.	33,23,12,000	18	2 (F.I <sup>2</sup> )	Board with M.D., 1 Chairman, 1 Dy. Chairman, 1 Vice-Chairman cum M.D., 1 Joint M.D., 2 whole time directors. There is executive type of Board with 14 members declared to adopt Joint-List Board.	6
4 Hindustan Lever Ltd.	29,16,10,000	9	Nil	1 Chairman, 1 Vice-Chairman cum M.D.	2
5 Indian Exploration Ltd.	28,98,36,670	10	2 (Govt.) 2 (IFC) 1 (ICICI)	Board with Managing Director, 1 Chairman 1 M.D., 1 Joint Managing Director.	3
6 Polco Electronics & Electricals Ltd.	21,80,00,000	8	Nil	Board with Managing Director Single person holding post of chairman cum M.D.	1

1	2	3	4	5	6
7. The Delhi Cloth and General Mills Co. Ltd.	21,34,55,913	12	N11	Board with Managing Director. 1 Chairman 1 Managing Director.	2
8. Gwalior Rayon	21,32,27,539	8	N11	Board with 1 chairman.	1
9. Mahindra & Mahindra Ltd.	20,82,28,800	13	1 (CBI) 1 (UTI)	Board with Managing Director, 1 Chairman, 1 Managing Director.	2
10. Glaxo Laboratories (India) Ltd.	20,00,00,000	17	N11	Board with Managing Director, 1 Chairman, 1 Vice-Chairman, 1 President cum Managing Director.	3
	3,02,52,41,435	114	12		28

1. Capital There are 10 companies under this group having total paid up capital of Rs. 302,52,41,435 the average being Rs. 30,25,24,143 varies from Rs. 82,85,8213 to Rs. 20,00,00,000.

2. Director There are 118 directors, varies from 18 to 6, the average being 11.8 or say 12 in number.

3. Management : All are managed with board with Managing Director. In the Tata Iron & Steel Co. Ltd., A.C.C. and Tata Engineering and Locomotive Co. Ltd. the boards are definitely on the line of two-tier. There is only one company having singlemen holding two posts of chairmanship and Managing Directorship. There is only one company having one chairman and one managing directors. In 8 companies, there are more than one executives.

4. Nominee Directors There are 4 companies having 12 nominee directors. Out of total 118 directors there are 12 nominee directors, either by Government or Financial Institution, the percentage is 10% (Approx.)

5. Executives Out of total 118 directors there are 26 executives (21.2%). Apart from it, there are 26 executives who are not members of the Board. By including these non-board members, number of executive directors becomes 52 i.e. (more than 50% of the total boards' strength).

6. Characteristics Most of the companies spend sufficient amount of money for social benefits and Research and Development works.

Management pattern of Companies having paid-up capital of Rs.10 crores or more but less than Rs.20 crores.  
(Annual Reports 1983-84)

1	2	3	4	5	6	7
Sl. No.	Name of the Company	Paid-up capital	No. of Directors	No. of Financial Inst./Govt. Nominees.	Form of Management	Number of executives
1.	Ashok Leyland Ltd.	18,13,04,000	16	Nil	Board with M.D. 1 Chairman and Deputy Chairman. It is also on the line of Two-tier Board. The Executive Board with 5 members headed by Managing Director.	7
2.	The Tata Power Co.Ltd.	17,47,33,811	10	Nil	Board with M.D., 1 Chairman, 1 Vice-Chairman and 2 Deputy Managing Directors.	4
3.	J.K. Synthetics Ltd.	16,19,00,000	12	1 (Govt. of Registrar) 1 (G.I.C.) 1 (ICICI)	Board. 1 Chairman, 1 President, 1 Vice-President, 1 Executive Director.	4
4.	Century Spinning & Manufacturing Co.Ltd.	15,98,95,900	9	Nil	Board. 1 Chairman.	1
5.	Hindustan Motors Ltd.	15,47,04,000	10	Nil	Board. Executive Board consists of 1 Chairman, 1 Vice-Chairman and one President (not member of the Board)	3
6.	Balmain Industries	15,45,32,081	9	Nil	Board with Managing Director. Single person is Chairman and Managing Director.	
7.	Bombay Dyeing & Mfg. Co.Ltd.	15,00,00,000	14	1 (Govt. nominee)	Board. Two-tier Board. In policy Board there is 1 Chairman and 1 Vice-Chairman. The executive board consist of 3 Presidents, 7 Vice Presidents/General Managers. There is also of two tier board.	

contd.

1	2	3	4	5	6	7
8	Madura Coats	14,69,00,000	14	1 (ICICI)	Board with M.D. having two chairs plus directors, 1 Chairman, 1 Dy. M.D., 1 Financial cum Secretary. There are four executive directors. There is a team of two-tier board.	5
9	The Baroda Rayon Corpn. Ltd.	14,44,38,000	10	1 (ICICI)	Board with M.D. 1 Chairman, 1 M.D., 2 Representatives of Financial Institution.	2
10	Reliance Textile Industries Ltd.	13,25,82,910	12	2 (GIC)	Board with Managing Director. There are 5 Executive Directors.	
11	Polyalatives Industries Ltd.	12,86,86,000	19	1 (IDBI)	Two-Tier Board. Executive Board with 4 members, 1 Chairman, 1 M.D., 1 Deputy Managing Director, 1 Technical Director.	4
12.	A.C.C. Babcock Ltd.	12,42,00,000	7	1 (IDBI)	Board with M.D. 1 Chairman, 1 M.D. 2 Dy.Mds. Though it is a subsidiary of A.C.C. yet a large Co.	4
13.	Mysore Paper Mills Ltd.	11,84,81,700	14	3 (Govt. Directors 1 (IDBI) 1 (IFC) 1 (GIC)	Board with Managing Director. Single person is Chairman cum Managing Director.	1
14.	The Calcutta Electric Supply Corpn.(I) Ltd.	11,65,20,580	11	1 (ICIC) 1 (IDBI) 1 (UTI) 1 (Govt. of W.Bengal (L.I.C.))	Board with Managing Director, Two-Tier Board, 1 Chairman, 1 Managing Director, 1 Executive (Financial), 1 Executive (Administration)	4

contd.

1	2	3	4	5	6	7
15	Indian Oxygen Ltd.	10,95,11,000	9	Nil	Board with Managing Director, 1 Chairman, 1 Managing Director.	2
16	The Andhra Valley Power Supply Co.Ltd.	10,20,67,000	9	Nil	Board with Managing Director, 1 Chairman, 1 Vice-Chairman cum Managing Director, 2 Deputy Managing Directors.	4

Notes on TABLE-2

**1. Paid-up-capital :**

There are 16 companies under this group having total paid-up-capital of Rs.239,02,58,037 and average being Rs.14,87,66,126 paid-up-capital varies from Rs.18,13,04,000 to Rs.10,20,67,100.

2. There are 196 directors in this group consisting of 16 companies. Number of directors varies from one company to another 19 to 7, the average being 12 (Approx.).

**3. Management :**

In this group except one all the companies are managed by the board of directors with Managing Director/Directors, i.e. about 96%. Out of these 16 companies, in the management of 5 Companies e.g. Ashok Leyland Ltd., Bombay Dyeing and Manufacturing Company Ltd. Madura Cosis, the Calcutta Electric Supply Corporation and polyclefins Industries Ltd., there is definite align of Two-Tier Board. There is only one company having management by Board (Hindustan Motor Ltd.). There are

11 companies under this group where there are either deputy managing director/directors, executives director/directors to assist the Managing Director or they are managed by the board with one Managing Director.

4. Nominee Directors :

There are 22 nominee directors in 9 companies one being Government nominee in Bombay Dying and Manufacturing Company Ltd. The percentage of nominee directors out of 196 directors being 11% (Approx.).

5. Executives :

Out of total 196 directors, there are 58 executives i.e. 29% (Approx) of the total board's strength.

6. Characteristics :

Categorically, it is evident that there are 5 Companies under this group who are managed by the process of Two-Tier Board (29.4%), 10 companies by the board with Managing Director (58.8%), and only one company by the board (Without Managing or whole-time Director or Manager) (11.78%).

Worker's Participation :

There is no trace of the provision for workers' participation at board level.

Social responsibilities :

Particular mention may be made of the performance of social responsibilities undertaken by the companies under this

category. The important event under this group of companies is that most of the companies spent substantial amount of money on social activities.

Public Accountability and Public disclosure :

Traditional informations are published which are binding by law.

Type of control and subsidiaries :

Controlled by the group/individual holding substantial stake of equity shares.

Board of Directors :

The number of directors varies from 7 to 19, the average being 11.5. Total number of directors is 185. There are 57 executive directors, representing 29% of the total number of directors.

There are 5 companies managed by the process of Two-Tier Board i.e. 28.4%.

10 companies of this group are managed with Managing Directors i.e. 58.8%, 2 companies are managed by the board i.e. 11.8%.

**TABLE - E**

Management pattern of Companies having paid-up capital of Rs.5 crores or more but less than Rs.10 crores.

1	2	3	4	5	6	7
Sl. No.	Name of the Company	Paid-up Capital	No. of directors	No. of financial Inst./Govt. Nominees	Form of Management	No. of Executive
1	Metal Box (I) Ltd.	8,76,12,000	13	Nil	Board with M.D., Two Dy. M.Ds., (Executive Director, 1 Chairman.	5
2.	Kesoram Industries & Cotton Mills Ltd.	7,94,84,400	7	Nil	Board, with 1 Chairman	1
3.	The Indian Rayon Corporation Ltd.	7,94,58,540	9	Nil	Board, with 1 Chairman.	1
4.	Good Year India Ltd.	7,48,25,000	8	Nil	Two-Tier Board, Executive Committee with 1 Managing Director, 3 executives.	4
5.	The Tata Hydro-Electric Power Supply Co.Ltd.	7,42,25,548	10	Nil	Board with Directors, 1 Chairman, 1 Vice-Chairman cum Managing Director, 2 Deputy Managing Directors.	4
6.	Bombay Suburban Electric Supply Ltd.	6,98,04,000	10	Nil	Board with Managing Director, 1 Chairman, 1 Managing Director, 1 Special Director.	3
7.	Kipkor Oil Engines Ltd.(Est.1948)	8,70,50,000	11	1 (IFCI)	Board with Managing Director, 1 Chairman cum Managing Director, 1 Vice-Chairman.	2
8.	Indian Hotels Co. Ltd.	8,35,04,000	13	Nil	Board with Managing Director and whole-time Directors, 1 Chairman, 1 Vice-Chairman cum M.D., 3 whole time Directors.	5

contd.

T A B L E - E

1	2	3	4	5	6	7
9	Indian Cables Co. Ltd.	6,25,88,900	9	1 (ICICI)	Board	
10	Cast Tyres of India Ltd.	6,21,44,000	16	Nil	Board with M.D. 1 Chairman, 1 Executive Vice-Chairman, 1 Managing Director.	3
11	Orient Paper and Industries Ltd.	6,07,64,800	8	Nil	Board. 1 Chairman, 1 Vice-Chairman.	2
12	Jagajit Cotton Textile Mills Ltd.	5,65,01,415	11	1 (IFCI) 1 (IOBI) 1 (GIC)	Board with Managing Director, 1 Chairman cum Managing Director.	1
13	Andhra Pradesh Paper Mills Ltd.	5,62,50,000	9	1 (IOBI)	Board. 1 Chairman.	1
14	Electric Lamp Manufacturers (India) Ltd.	5,50,00,000	5	Nil	Board. 1 Chairman.	1
		96,12,12,804	140	6		33

Notes on Table - E :

There are 14 companies under this group having total paid-up capital of Rs.96,12,12,804 the average being Rs.6,15,15,186 varies from Rs.9,76,12,000 to Rs.5,50,00,000.

Directors :

There are 140 directors, varying from 16 to 5 in number, the average being 10.

**Management :**

8 of the companies under this category are managed by Board with Managing Director/Directors, 6 companies are managed by Boards with Chairman without Managing Directors. Of the 14 companies 8 are managed by Board with Managing Directors, 2 companies are managed by Board with single person as Managing Director cum Chairman or one Chairman or 1 Managing Director. 4 Companies are managed by the Boards with Managing Directors with the assistance of Executive Director/Directors or more than one Managing Director/Directors, 1 company is managed by the Board with Managing Director assisted by whole-time director. There is only 1 company which is managed by the pattern of Two-Tier Board.

**Nominee Directors :**

There are 4 companies having 6 nominee directors by the financial institutions. Out of total 140 directors there are only 6 nominee directors, the percentage being only 4.3.

**Executive Directors :**

Out of total 140 directors there are only 33 executive directors (23.57%).

**Characteristics :**

There is no trace of workers' representatives to the Board. There is no visible evidence of spending money for schemes on social benefits.

TABLE - F

Management pattern of Companies having paid-up capital of Rs.2 crores or more but less than Rs.5 crores.

1	2	3	4	5	6	7
Sl. No.	Name of the Company	paid-up capital	No. of Direc-tors.	No. of financial Inst./Govt. nominees	Forms of management	Execu-tives inclu-ding Chair-man
1.	Lakshmi Machine Works Ltd.	4,06,38,400	12	1 (TIIC)	Board with M.Ds. 1 Chairman 2 Managing Directors.	3
2.	Central Pulp Mills Ltd.	3,80,31,300	16	1 (IDBI) 1 (IFCI) 1 (ICICI) 1 (SICOM)	Board with Managing Director 1 Chairman 1 Managing Director 1 Executive Director	3
3.	Sundram Fasteners Ltd.	3,18,88,880	7	1 (ICIC)	Board with M.D. Single per Chair-man cum Managing Director.	1
4.	Zenith Steel Pipes & Industries Ltd.	3,15,00,000	8	2 (GIC)	Board. 1 Chairman.	1
5.	Duncans Agro-Indus-tries Ltd.	2,51,81,000	10	Nil	Board. 1 Chairman.	1
6.	Automobile Corporation of Goa Ltd.	2,32,58,709	10	Nil	Board with M.D. But there is one Chairman and 1 chief executive there is also a shape of Two-Tier Board with 4 members.	3
7.	Steel Complex Ltd.	2,24,44,400	7	Nil	Board with M.D. There is 1 Finan-cial Director, 1 Technical Direc-tor, Plural Executive System.	

contd.

TABLE - F

1	2	3	4	5	6	7
8.	Paysha Industrial Co.Ltd.	2,10,83,906	13	1 U.P. SIOC	Board with 1 chairman, 2 M.Ds. & 2 whole time Directors. This is another illustration of plural executives.	5
9.	Bharat Nidhi Ltd.	2,01,31,875	4	Nil	Board with 1 Chairman.	1
		25,41,56,470	87	10		21

Notes on Table-F :

5 companies of this group are managed by boards with managing directors, 2 by board with chairman, 2 companies have two managing directors. One company has 2 managing directors and two whole-time directors. One company is managed by 1 Managing Director with two technical directors and one company is managed by board with one Managing Director and an Executive Director. 75 per cent and 25 per cent companies are managed by boards with Managing Directors and Board respectively. Nominee Directors: Out of 9 companies 5 have nominee directors, i.e. 62.5%. Out of total 87 directors of these 9 companies 10 are nominee directors, i.e. 11.5 per cent approximately.

Executive directors :

There are 21 executives of the total number of 87 directors, it amounts to 24% per cent. Of these 21 executives there are 7 Chairmen, 8 managing directors, 1 chairman cum managing director, 2 executive directors, 1 Financial Director, 1 Technical Director, 2 whole-time Directors.

Workers' representative to the board :

There is no workers' representatives to the board.

Two-Tier Board :

There are at least three companies having plural executives on the line of TwoTier Board.

Social Responsibilities and Public Disclosure :

Traditional system of preparing Annual Reports are followed. There is no mention of spending any amount of money for public welfare or social benefit.

Characteristics :

Companies under this category have 10 nominee directors out of 87 total number of directors which is 8.7 per cent and highest of all other types of companies under review. There are 21 executive directors out of 87 directors, who are about 25% of the total number of directors. Out of 9 companies under this group 5 have plural executives.

Directors :

Total number is 87, varies from 16 to 4 the average being 9.8

**T A B L E - G**

**Management pattern of Companies having paid-up capital of Rs.1 crore or more but less than Rs.2 crores.**

1	2	3	4	5	6	7
Sl. No.	Name of the Company	Paid-up-capital	No. of Direc-tors	No. of financial Institutions/ Govt. Nominees	Form of Management	Chief Exe cutives including Chairman
1.	Gangappa Paper Mills Ltd.	1,64,85,520	8	2 YIDCO 1 ICICI 1 IFCI	Board with Managing Director. There is also a Chairman.	2
2.	Air Control and Chemicals Co. Ltd.	1,48,03,125	9	1 IFCI 1 Nominee by Gujarat Govt.	Managed by Board with Chairman.	1
3.	Star Industrial and Textile Enterprise Ltd.	1,42,50,000	12	1 IDBI	Board with Managing Director 1 Chairman cum M.D. & 1 Joint Director.	3
4.	Pandichery Paper Mills Ltd.	1,31,50,000	12	1 ICICI 1 IFCI 1 PIP DIC	Board with one Managing Director and 1 Executive Director. There is also one Chairman.	3
5.	Kalluru Paper Ltd.	1,22,72,625	9	1 Andhra Pradesh I.D. Corpn. 1 IDBI 1 representative of the public	Board with Managing Directors. There is also a Chairman.	2
6.	Paper Products Ltd.	1,21,00,000	7	Nil	Board with Managing Director. There is also a Chairman.	2

**T A B L E - G**

	2	3	4	5	6	7
1.	Nigon Paper & Board Mills Ltd.	1,09,25,125	9	1 IOBI 1 IFCI	Board with Managing Director	1
2.	Genslec Ltd.	1,07,85,000	5	Nil	Board with Managing Director. There is also a Chairman.	2
3.	A.C.M.E.Co. Ltd.	1,02,40,200	7	Nil	Board with Managing Director. There is also one Chairman.	2
		91,50,11,575	78	75		17

**Notes on Table-G :**

**1. Capital :**

Total paid up capital of the 9 companies under this category is Rs.11,50,11,575, the average being Rs.1,27,79,004. Paid up capital varies from Rs.1,64,85,500 to Rs.1,02,40,200.

**2. Directors :**

There are 78 directors in the group of 9 companies. Number of directors varies from 5 to 9, the average being 8.7 (Approx.).

**3. Management :**

Except one company all the other 8 companies are managed by the board with managing director.

There are two companies having plural executives. There is no visible instance of two-tier board.

4. Nominee Directors :

There are 6 companies under this group having nominee directors from different financial institutions. The number of such nominee directors is 15 out of total number of 78 directors. It comes to 19% (Apprex.)

5. Executive Directors :

There are 17 executive-directors out of 78 directors i.e. about 22% of the total strength of the board. The executives are of different designations such as chairman, Managing Director, Joint Managing Director and Executive Director.

6. Workers' participation :

There is no trace of top management.

7. Social Responsibilities and Public Disclosure :

From the review of Annual Reports of the companies under this group it is seen that traditional method of furnishing Annual Reports has been followed. There is no sign of worthment-ion- ing for informations regarding expenditure made for public welfare or social benefits.

8. Type of control :

Controlled by the group having substantial holding of equity shares. Though substantial amount has been contributed by the State and Central Financial Institutions, they have no controlling power.

T A B L E - H

Management pattern of Companies having paid-up capital of less than Rs.1 Crore.

1	2	3	4	5	6	7
Sl. No.	Name of the Company	Paid-up Capital	No. of Directors	No. of Financial Inst./Govt. nominees	Form of Management	E X E C U T I V E
1.	Ion Exchange (I) Ltd.	95,08,800	9	Nil	Two-Tier Board	1 Chairman 1 President-cum-Director 2 Vice-Presidents not being members of the Board 2
2.	Stone India Limited	89,28,300	8	Nil	Board	1 Chairman, No M.D. = 1
3.	India Paper Pulp Co. Ltd.	88,22,000	It is to be decided by the W.B. Industrial Dev. Corpn.	1 M.D. & others members' nomination to be decided by the Govt. of W.B.	A Joint Sector Project Board with M.D.	At present = 1
4.	Jagata Paper Mills Ltd.	79,10,475	9	1 G.I.C.I.	Board with Managing Director.	1 Chairman 1 Managing Director = 2
5.	National Rolling & Steel Ropes Ltd.	64,00,000	12	Nil	Board with Managing Director.	1 Chairman 1 M.D. = 2
6.	Associated Pulp and Paper Mills Ltd.	49,99,750	8	1 ICRCI 1 IFCI	Board	1 Chairman = 1
7.	Arunachal Plywood Industries Limited	48,06,844	5	Nil	Board	1 Chairman = 1

1	2	3	4	5	6	7
8.	Eastend Paper Industries Ltd.	46,59,440	7	1 W.B.F.C. 1 IFCI	Board with Managing Director	1 Managing Director=1
9.	The Grob Tea Co.Ltd.	46,58,170	5	NII	Two-Tier Board with 12 members excluding 5 directors	There is a committee with local members.
10.	Accumessures Punjab Ltd.	41,00,000	7	1=IFCI 1=IRBI	Board with Managing Director.	1 Chairman 1 Managing Director=2
11.	Particle Board India Ltd.	30,00,000	3	NII	Board.	NII
12.	Lakshmi Automobile Looms Works Ltd.	29,94,350	14	1=IRCI 1=IDBI 1=S.I.P COT	Board with Managing Director	1 Chairman 1 Managing Director=2
13.	The A.P.V.Engineering Co. Ltd.	29,50,000	5	NII	Board with Managing Director	1 Chairman 1 Managing Director=2
14.	Chomulp Tissues Ltd.	24,87,625	9	1 UP SIDC 1 PICUP	Board with Managing Director	1 Managing Director=1
15.	Tej Investment & Finance Co. Ltd.	24,80,100	7	1 UPEC NII	Board	1 Chairman No Managing Director=1
16.	Agricultural Discos (India) Ltd.	18,00,000	8	1 SICOM 1 IFCI	Board with two Managing Directors.	1 Chairman. 2 Managing Directors=3
17.	The Ahmedabad Victoria Iron Works Ltd.	9,08,500	7	NII	Board with Managing Director.	1 Chairman. 1 Managing Director=2
		8,14,94,954	123	16		24

Notes on Table-H :1. Capital :

There are 17 companies under this group having total paid-up cap. of Rs.8,14,94,954, the average being Rs.47,93,232.80, varies from Rs.96,09,600 to Rs.9,08,500.

2. Board of Directors :

There are 123 directors (excepting India Paper Pulp Co. Ltd. where there are only directors nominated by the W.B.I.D.C.). Number of Director of this category varies from 12 to 3, the

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3. Type of Management :

Out of 17 companies 10 companies are managed by the board with managing directors and 5 are managed by the board and two are managed by the two-tier Board. In other words 59 per cent of the companies are managed by board with managing directors, 28 per cent by board without managing directors and 12 per cent by the type of two-tier board respectively.

4. Nominee Directors :

Only 8 companies have nominee directors approximately 50 per cent of the companies under this category. Out of total 123 directors (except India Paper Pulp Co. Ltd.) total number of nominee directors are 16 i.e. approximately 13% of the total number of directors.

5. Executive Directors :

There are 24 executives under this category of companies. The proportion between number of directors and executive directors is 5 : 1. In a company namely the Grob Tea Company Ltd., there are 12 executives (not board members) for total management.

6. Workers' participation in the Board :

None of the Companies have any representatives to the Board to represent workers.

7. Social Responsibilities :

There is no substantial amount of money spent by the companies under this group to uphold social responsibility.

8. Public Accountability and Public disclosure :

Traditional system of publication of Annual Reports is mentioned. There is no special features.

9. Type of Control and Subsidiary Companies :

None of the companies have any subsidiary company.

TABLE - I

ANALYSES OF DISBURSEMENTS BY FINANCIAL INSTITUTIONS AS ON 31.3.1984.

(1)	(2)	(3)
	Investment of Financial Institutions. Rs. in crores	Percentage of holding by Financial Institutions on total paid up capital
Total paid capital of 93,254 companies	1. Equity & Pref. Rs.590 crores. 2. Foreign Currency Loan Rs.995 crores. 3. Debenture-Rs.374 Crs. Guarantee-Rs. 41 " TOTAL = 415 Crs. 4. Rupee Loan Rs.10,195 crores.	10.7% 18% 7.53% 185%
Rs.5,514 crs.	5. Total Rs.12,195	221%

Notes on Table-I :

This table shows that colossal amount of public money has been invested in private sector companies. As all these financial institutions are owned by the Government, it has become responsibility on the part of the Government to nominate proportionate representatives to the board of the companies in which so much public money has been invested to look after its proper utilisation and supervision and guidance. Companies are also expected to mention clearly in their Annual Reports, amount of money taken from these financial institutions either in the form of loan or share capital. But, except a few, most of the companies are negligent in this matter. Even, on the basis of Equity and preference share capital holding by Financial Institutions if proportionate representation system is

applied, they can nominate at least 10% of the numbers of the directors to the boards of the companies.

On critical review of the capital structure of 25 Companies (having paid-up-capital of Rs.1 crore or more) showing total amount of employed capital and loan taken by them from Banks/Financial Institutions, it is evident that the number of nominee directors are not in the same proportion to other directors in relation to capital employed by them.

TABLE-2

## Review of the capital structure of 25 companies

1	2	3	4	5	6	7	8	9
Sl. No.	Name of the Companies	Total capital employed	Total amount of Equity Capital	Loan from Bank/Financial Institutions	Total number of Directors	Total number of business Directors	Percentage of business on 5	Proportion of directors should be 3 to 4 ratio
		Rs.	Rs.	Rs.				
1.	Tata Iron & Steel Co. Ltd.	613,25,00,000	72,02,00,000	513,59,00,000	13	3	23 (Appx)	7
2.	Associated Cement Co. Ltd.	387,35,04,000	33,23,12,000	196,77,00,000	18	2	11 (")	8
3.	Calcutta Electric Supply Co. Ltd.	301,85,00,000	11,65,00,000	171,00,00,000	11	5	45.5	2+
4.	Ashok Loyalnd Co. Ltd.	233,31,00,000	01,67,28,200	32,50,00,000	11	NIL	-	1+
5.	Tata Power Co. Ltd.	173,00,00,000	17,56,29,000	32,28,00,000	10	NIL	-	5
6.	The Bombay Dyeing & Manufacturing Co. Ltd.	185,66,16,000	11,24,20,000	93,22,16,000	15	NIL	-	8
7.	Indian Rayon Corpn. Ltd.	153,41,00,000	7,96,00,000	81,58,00,000	9	NIL	-	5
8.	Mahindra & Mahindra Co. Ltd.	102,15,33,584	20,82,28,800	101,14,77,984	13	2	15.5	13
9.	Medura Coats	94,43,59,000	14,66,94,000	40,25,00,000	10	1	10	4
10.	Andhra Valley Power Supply Co. Ltd.	66,83,00,000	9,35,05,200	40,00,00,000	9	NIL	-	4
11.	Cost Tyres of India Ltd.	70,63,00,000	11,65,00,000	-	16	NIL	-	5
12.	The Tata Hydro Electric Power Supply Co. Ltd.	70,52,66,000	1,67,28,200	32,58,00,000	10	NIL	-	0

TABLE - 2

1	2	3	4	5	6	7	8	9
13.	Kirloskar Cummins Ltd.	69,07,00,000	13,90,00,000	10,56,00,000	15	N11	-	5
14.	Baroda Rayon Corpn. Ltd.	68,33,00,000	14,44,00,000	22,00,00,000	10	2	20	2
15.	Jagatjit Cotton Textile Mills Ltd.	68,15,00,000	5,65,00,000	11,56,00,000	14	3	21.5	3
16.	Bombay Suburban Electric Supply Ltd.	63,06,00,000	6,98,00,000	7,12,00,000	10	N11	-	2
17.	Indian Oxygen Limited	61,96,00,000	10,95,00,000	-	9	N11	-	0
18.	Glaxo Laboratories (India) Ltd.	58,24,00,000	20,00,00,000	77,34,000	11	N11	-	0
19.	Duncan Agro Industries Ltd.	47,23,30,000	2,51,81,000	14,08,59,000	10	N11	-	0
20.	Indian Hotel Co. Ltd.	45,40,00,000	6,35,04,000	1,66,22,500	15	N11	-	3
21.	Britania Industries Ltd.	18,25,65,000	8,80,56,340	N11	6	N11	-	0
22.	Genelec Limited	6,91,00,000	1,08,00,000	3,10,01,576	5	N11	-	2
23.	Automobile Corpn. Ltd.	5,69,30,730	2,32,56,709	4,84,00,000	11	N11	-	9
24.	Palco Electronics & Electricals Ltd.	128,88,94,379	21,60,00,000	88,63,44,733	6	N11	-	6
25.	Electric Lamp Manufacturing (India) Ltd.	4,03,27,369	55,00,000	3,52,00,000	5	N11	-	4
		3089,04,46,087	339,66,12,249	1314,86,55,803	280	16	6.4%	98

Notes on Table - J :

This table shows that 43 per cent of the employed capital of these companies is invested by the financial institutions and banks either in the form of share capital and guarantee for issue of shares or debentures or loan, but their representatives to the boards is only 6.4 percentage. Whereas by subscribing only 11 per cent of the employed capital, individual shareholders have 93.6 per cent representatives to the boards. If proportionate representation could be applied as regards investment in relation to the employed capital then number of representatives of the financial institutions should have been 98 instead of 18.

TABLE - K

## Nominee Directors in the 75 Companies.

	Total number of companies having Nominee Directors	Total number of companies having no nominee directors State Govts. Financial Corporation	NOMINEE DIRECTORS OF THE FINANCIAL INSTITUTIONS/GOVT./PUBLIC											Total number of Nominee Directors out of total number of Directors	Percentage of Nominee Directors on total number of Directors.
			IFCI	IDBI	ICICI	GIC	UTI	LIC	Mis Fis	IRBI	IDRI	Representative of the people			
Companies having capital of Rs.20 crores or more CATEGORY-C	4	6	3	2	1	1	N11	1	N11	4	-	-	12	118	11.00
Companies having capital 10 crores or more but less than Rs.20 crores CATEGORY-D	9	7	6	1	4	5	4	1	2	N11	-	-	23	185	12.42
Companies having capital of Rs.5 crores or more but less than Rs.10 crores.CATEGORY-E	4	10	N11	2	2	1	1	N11	N11	N11	-	-	6	140	4.6
Companies having capital 2 crores or more but less Rs.5 crores, CATEGORY-F	5	4	2	1	N11	2	2	1	N11	1	-	1	10	87	11.5
Companies having capital of Rs.1 crore or more but less than Rs.2 crores. CATEGORY-G	6	3	3	4	3	2	N11	N11	N11	2	-	-	15	78	19.00
Companies having capital of less than Rs.1 Cr.CATEGORY-H	8	9	7	4	1	N11	1	N11	N11	1	1	-	16	123	13.00
	36	39	21	14	11	11	8	3	2	7	1	1	82	731	11.23

Notes on TABLE-K:

Our review of 75 companies reveals that out of 721 directors, there are 82 directors nominated by the financial institutions. It comes to about 11.23%.

Out of these 82 nominee directors, 21 represent different State Governments' finance Corporations, 14 by IFCI, 11 by IDBI, 11 by ICICI, 8 by GIC, 3 by UTI, 2 by LIC, one each by IRBI and IDRI and public and lastly 7 by miscellaneous financial institutions.

Regarding nomination, Category 'G' nominates the highest i.e. 19%, then in order of descending order, H, 13%, D 12.42%, F, 11.5%, C, 11% and lastly E, 4.5%.

It is evident from the above that companies having less amount of paid-up/<sup>-capital</sup> have more number of nominee directors.

TABLE - I

Different type of executives in 75 companies under review

No. of Companies	Total no. of Directors	Chairman	Vice-Chairman	Deputy Chairman	Chairman-cum-Managing Director	Managing Director	President	Vice-President	Executive Chairman	Dy. Managing Director	Jt. Managing Director	Executive Director/ Financial/Chief Execu- tive Director	Part-time Director	Special Director	Vice-Chairman cum M.D.	President cum M.D.	Total number of Executive Director	Percentage of Executive on total no. of Direc- tors.	Executive Director per Company.
1. First Group of Companies	10 118	7	2	1	1	5				2	4	2	2		3	1	28	23.75	2.8
2. 2nd Group of Companies	16 188	10	2	3	12	1	4			8	17				2		58	31.36	3.6
3. 3rd group of Companies	14 140	10	2		2	4			1	4	4	3	1		2		33	23.57	2.4
4. 4th group of Companies	9 87	6			1	8					4		2				21	24.0	2.3
5. 5th group of Companies	9 78	7			1	7				1	1						17	22.0	2.6
6. 8th group of Companies	17 123	12			11		2	Non-member								4	24	19.5	1.8
	75 731	52	6	4	5	48	1	4	1	12	5	30	7	1	7	2	161	26	2.4

Notes on TABLE - L :

From this table it is evident that in the 75 companies under review there are 721 directors and 181 executive directors, approximately 25%. The executives are of different designations such as Chairman, Vice-Chairman, Deputy Vice-Chairman, Executive Chairman, Chairman cum Managing Director, Managing Director, Joint Managing Director, Deputy Managing Director, Vice-Chairman cum Managing Director, Executive Director, Financial Director, Technical Director, Special Director, President, Vice-President, President cum Managing Director and Whole Time Director. Out of total 181 executive directors, there are 62 Managing Directors, 3 Joint Managing Directors and 12 Deputy Managing Directors. There are 52 Chairmen 6 Vice-Chairmen, 4 Deputy Chairmen, 1 Executive Chairman and 5 Chairmen cum Managing Director. The number of Executive Directors including Financial, Technical and Special Directors is 32. Total number of whole time directors is 7.

Inference that can be drawn from this Table is that 25 per cent of the members of the Board are executive directors, and 75 per cent are non executive directors.

Executive Directors have a vital role to play in the running of a company. They have the best insight into the organisation, its men, its strength and its weakness. Even success of their lives is closely entailed by the success of the organisation and, therefore, their commitment must necessarily be great.

What is needed in India is that with the searching knowledge about the company by the Executive Directors, the broader out-look and suitable guidance of the non-executive directors are to be intimately and carefully blended and complementing one another.

Another change that is required is to increase the emoluments and other benefits of the executive directors so that they can exert their full capacity, efficiency, faculty and skill for the benefit of the organisation.

It is interesting to note here the news published in the Economic Times, Calcutta, the 29th October, 1985 regarding raising remuneration of top managers. 'New Delhi, October 28, 1985, the Union Government has decided on principle to amend the companies Act to provide for a higher slab of remuneration for the top managers in the corporate sector. Reckoning of ever soaring standard of living the remuneration of the managing directors, which is pegged at a gross of Rs.7500/- per month is proposed to be raised to Rs.10,000/- per month (gross) through the amendment of the Companies Act.'

It is also necessary to increase the sitting fees of the non-executive directors, the ceiling limit of which, at present is Rs.250 per meeting. Generally directors' meeting is held 8 times in a year. Directors acting as representatives of Government or some large organisations forego the personal use of the sitting fees. This is really a small amount to attract a man of high calibre.

### 7.12 How to make the board effective :

Indian 'Boards' are virtually controlled from outside. Specially private sector companies are controlled by power groups which dictate policies in all major areas, including composition of the Board.

Mr. Arabinda Roy in his article "Board of Directors : A critique" in the Book, Boards of Directors in India-their statics and Dynamics, edited by Chakraborty S.K. published by All India Management Association New Delhi, 1st. Edn. 1985 P-267 stated "such a power group could be a family, an individual or two in a multinational headquarters many thousand miles away, or a civil servant, or a politician. Company Boards in India rarely discuss a crucial issue in the knowledge that its own discussions on the subject will be final. That power to decide rests with the majority shareholders and is often delegated in the latter's organisation to an individual or two, since very conveniently it is not possible for that top Board in its entirety to be involved in the affairs of a particular subsidiary or associate. If Boards in India have to fulfil their role in the same way as Boards of fully professionally managed companies do elsewhere, not only will non-executive directors have to be paid adequately for their labour and counsel, but more important than that, shareholding needs to be widely diffused."

We also fully agree with the opinion of the above mentioned

author. Our prescription is that by the introduction of Multiple Two-Tier Board (explained in Chapter VI), the controlling authority of power group may be eliminated. There would be dispersal of shareholdings and made effective of the performances of board of directors.