

REPORT ON THE GROWTH OF
JOINT STOCK COMPANIES
IN
BENGAL.

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**Report on the Growth of
Joint Stock Companies
in Bengal**

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FOREWORD.

The present study on the growth of Joint Stock Companies in Bengal was originally undertaken at the suggestion of the Hon'ble Mr. N. R. Sarker, Finance Minister to the Government of Bengal. Later when the Industrial Survey Committee was appointed, I promised to place in their hands a note on company failures. The present Report prepared by Mr. D. Ghose, Assistant Industrial Intelligence Officer of this Department, contains two illuminating chapters on this subject. It is expected that on account of its comprehensive nature, the Report will be useful to the Survey Committee and to the public as well. I may mention here that in preparing this monograph, Mr. Ghose was ably assisted by the investigators appointed in connexion with the Industrial Survey Committee.

S. C. MITTER,

Director of Industries, Bengal.

April 3, 1939.

I. Introduction.

The present study is principally based on the figures furnished in the Annual Reports of the Registrar of Joint Stock Companies, Bengal, and the Annual Reports relating to the administration of Joint Stock Companies in British India. There is nothing original in the collected materials utilised in the preparation of this monograph, except that the facts and figures relating to the dividend earning capacity of the various companies had to be extracted from the individual balance sheets which form no part of the Annual Reports. The chief utility of the present study consists, therefore, not so much in the statistical data brought together as in their presentation in suitable forms and tables and their interpretations so as to yield certain suggestive conclusions—conclusions in which many of the questions relating to the pace of industrial progress in diverse directions, growth of capital, industrial pitfalls and drawbacks, etc., may find their answers. In fact the arrangements of the different sections of the monograph have been planned principally to serve this purpose.

2. The Annual Report relating to the administration of Joint Stock Companies in the province under the Indian Companies Act is no doubt fairly complete in so far as the results of the particular year to which the Report relates are concerned, but by itself it cannot serve the purpose of a comprehensive study giving in details the historical growth of industrial ventures beginning from early years. For a ready reference or to obtain an adequate idea of the development of industrial undertakings in the province, no single report is necessarily adequate and it cannot be expected that the amount of patient labour involved in the compilation and tabulation of the mass of annual statistics would possibly be undertaken by an average reader or enquirer—even if he were given a ready access to the relevant literature. There was, therefore, a great need for a comprehensive study like this and in this fact the justification of the present study lies.

3. Even though the statistics have been available to us in a more or less ready form, there were all the same certain drawbacks to the present study. In the first place, the source of statistics being an exclusive one, our dependence on it is entire and there is hardly any other literature to which reference can be made to verify our results or test our conclusions. Particularly, the missing figures for certain years could never be recovered except through the method of statistical interpolation which has, however, been employed in a few cases only in order to give a complete and comprehensive picture of trends. Interpolated figures may not be the exact figures which were missing, but being based on the assumption that the tendency of the prevailing economic situation and the progress of company promotions during the period for which figures were missing were on the whole uniform with the average position during the period just preceding and following this period, they represented at least an approximate trend which is, however, useful for the purpose of comparison with subsequent periods. If we do not insist on mathematical exactitude, these interpolated figures have their utility in a study like this.

4. As the progress of company promotions and capital formation in Bengal could be best studied with reference to the relevant figures for other provinces, it would be better if those statistics were available for being utilised in this monograph. But except some consolidated figures relating to certain aspects of company promotions no detailed data about company failures, dividend earning, etc., are available in the Government of India publications. For detailed figures the provincial reports of Registrars of Joint Stock Companies should have been consulted. But as they are not readily available, we had to be satisfied with utilising what figures were available in the Government of India publications. A comparative analysis of Bengal's position *vis-à-vis* the All India figures and the position in certain other provinces has been attempted in Chapter IV.

5. The long list of tables incorporated in this monograph may seem somewhat unnecessary, but as the various sections and tables have been planned and prepared to serve a definite purpose, each table has its utility. Even at the risk of excessive figure work, tables have been multiplied, for every table is intended to portray the gradual growth of a particular category of industrial undertakings. In each section brief explanatory comments have been furnished so as to help the understanding of the significance and inter-relationship of different tables.

6. In conclusion it remains to be recorded that but for the uniform courtesy and goodness with which Mr. N. K. Majumdar, Registrar of Joint Stock Companies, Bengal, placed all relevant literature at the disposal of our investigators, the compilation and preparation of the present monograph would not be possible in the present form or so readily as it has been. Our sincere thanks are due to him and his staff.

II. Progress of Company Promotions in Bengal.

7. To study the pace of progress which the province has been able to achieve in the shape of industrial undertakings in different directions, it is necessary, first of all, to consider the rate of company promotions. For though the rate of company promotions does no more than indicate the urge for industrial ventures, it is nevertheless important in the sense that it is the industrial impulse reinforced by favourable circumstances prevailing at the time that makes for real industrial progress in course of time. The crop of company promotions from year to year may not after all be fully garnered, for many of them will be still-born or short-lived just as human children are, but as the growth of population depends on the rate of births, the stabilization of industrial ventures also depends on the rate of company promotions. The analogy between the vital statistics and the statistics of company promotions in so far as their long run effects are concerned is appropriate in many important respects. In connexion with the company failures this subject will be fully gone into later; for our present purpose, however, it may be mentioned here that the increasing number of company promotions indicates a greater intensity of the industrial impulse which will make for greater industrial progress of the province. It is from this standpoint that the analysis of the figures relating to the registration of companies would be significant.

8. A review of the figures contained in the various tables will show that in most of the branches of industrial ventures, a definite

impulse manifested itself only after the War, i.e., from about 1917-18. In fact judging from the aggregate figures it may be said that the quinquennium ending 1920-21, was the first period in the economic history of the province when the largest number of companies was registered with the largest amount of authorised capital. Banking, insurance, trading and manufacturing companies, mills and presses, mining and quarrying companies grew in large numbers and the impetus has been more or less maintained ever since. Even the growth of hotels, theatres and other entertainment companies which are regarded as natural accompaniments of an industrially advancing community, synchronised with this industrial development.

TABLE 1.

Joint Stock Companies registered during the quinquennium ending

Year.	Number of companies.		Aggregate authorised capital.	
			Rs. (Lakhs).	
*1905-06	120	3,60
*1910-11	300	25,32
1915-16	538	29,45
1920-21	1,265	1,59,48
1925-26	1,012	87,19
1930-31	1,570	68,66
1935-36	1,287	90,90

*Figures for one or two years were obtained by interpolation.

TABLE 2.

Banking, Loan and Insurance Companies registered during the quinquennium ending

Year.	Number of companies.		Aggregate authorised capital.	
			Rs. (Lakhs).	
1905-06	7	3,87
1910-11	15	13,96
1915-16	202	3,37
1920-21	101	23,87
1925-26	190	14,04
1930-31	801	38,68
1935-36	359	12,48

TABLE 3.

Transit and Transport Companies registered during the quinquennium ending

Year.			Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1920-21	..	..	26	3,31
1925-26	..	..	49	2,66
1930-31	..	..	63	2,62
1935-36	..	..	39	37,84

TABLE 4.

Trading and Manufacturing Companies registered during the quinquennium ending

Year.			Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1905-06	..	..	31	1,17
1910-11	..	..	78	2,51
1915-16	..	..	183	9,05
1920-21	..	..	670	72,19
1925-26	..	..	478	43,40
1930-31	..	..	522	15,39
1935-36	..	..	621	30,65

TABLE 5.

Mills and Presses registered during the quinquennium ending

Year.			Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1905-06	..	..	11	84
1910-11	..	..	22	2,03
1915-16	..	..	21	1,81
1920-21	..	..	120	21,46
1925-26	..	..	79	4,41
1930-31	..	..	71	4,76
1935-36	..	..	65	9,76

TABLE 6.

Tea and other Planting Companies registered during the quinquennium ending

Year.		Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1905-06	..	8	13
1910-11	..	18	36
1915-16	..	64	2,24
1920-21	..	155	4,94
1925-26	..	66	12,26
1930-31	..	96	2,38
1935-36	..	12	50

TABLE 7.

Mining and Quarrying Companies registered during the quinquennium ending

Year.		Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1905-06	..	20	1,24
1910-11	..	83	4,18
1915-16	..	50	1,95
1920-21	..	141	11,19
1925-26	..	70	4,01
1930-31	..	40	2,06
1935-36	..	37	3,91

TABLE 8.

Estate, Land and Building Companies registered during the quinquennium ending

Year.		Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1905-06	..	..	..
1910-11	..	1	9
1915-16	..	10	64
1920-21	..	23	7,41
1925-26	..	25	1,53
1930-31	..	28	92
1935-36	..	31	1,77

TABLE 9.

Sugar (including Jaggery Manufacturing) Companies registered during the quinquennium ending

Year.			Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1905-06	..	..	..	..
1910-11	..	..	3	14
1915-16	..	..	2	20
1920-21	..	..	11	1,05
1925-26	..	..	5	50
1930-31	..	..	1	2
1935-36	..	..	64	4,61

TABLE 10.

Hotel, Theatre and Entertainment Companies registered during the quinquennium ending

Year.			Number of companies.	Aggregate authorised capital. Rs. (Lakhs).
1915-16	..	..	..	..
1920-21	..	..	4	40
1925-26	..	..	20	55
1930-31	..	..	37	98
1935-36	..	..	54	1,39

III. Progress of Industrial Undertakings.

9. While the number of company promotions in different periods as summarised in Chapter II indicates the extent of industrial impulse within the community, the position as a whole of the province in respect of actual industrial progress in the various lines achieved so far and at different stages may be assessed only with reference to the statistics relating to the number of companies working in different lines, their paid-up capital, etc. In this chapter a review of this industrial position of the province has been attempted.

10. As regards the particular categories of companies such as insurance, printing, publishing and stationery, chemicals, iron and steel, engineering, cotton mills, etc., about which detailed figures have been furnished, it should be pointed out that as their development has an important bearing on the industrialization of the province, they have been separately shown. The progress of the various companies

from period to period points to the net industrial development of the country.

11. As separate statistics for private companies are not available for any year before 1917-18, they have been furnished in separate tables, while the percentage of these companies to the total number of companies (public and private) at work has been shown in table 30. It should be pointed out that in the tables 11 to 28 both public and private joint stock companies have been jointly shown.

(a) Growth of Joint-stock companies (public and private).

TABLE 11.

Joint Stock Companies (public and private) at work on the 31st March.

Year.	No. of companies.	Authorised capital. Rs. (Lakh).	Paid-up capital. Rs. (Lakh).	Average paid-up capital of each company. Rs. (Lakh).
1900-01	398	19,84	15,47	3.9
1905-06	459	23,97	17,31	3.9
1910-11	635	80,20	25,65	4.0
1915-16	970	93,89	30,57	3.1
1920-21	1,696	2,38,75	58,51	3.4
1925-26	2,810	3,37,23	1,18,16	4.2
1930-31	4,143	3,86,31	1,25,15	3.0
1935-36	4,916	4,42,30	1,33,42	2.8

TABLE 12.

Banking, Loan and Trust Companies at work on 31st March.

Year.	Total number.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	45	3,29	2,95
1905-06	52	2,41	2,04
1910-11	67	37,57	2,66
1915-16	109	40,41	2,83
1920-21	202	47,02	4,50
1925-26	389	54,53	6,39
1930-31	1,095	1,02,14	15,81
1935-36	1,147	1,03,09	17,00

TABLE 13.

Trading Companies at work on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (Lakh).	Paid-up capital. Rs. (Lakh).
1900-01	86	3,11	2,51
1905-06	129	4,92	3,13
1910-11	213	8,18	4,92
1915-16	309	16,22	8,61
1920-21	497	42,93	13,69
1925-26	101	1,07,51	50,12
1930-31	1,492	1,17,62	48,96
1935-36	1,791	1,19,53	49,55

TABLE 14.

Transit and Transport Companies at work on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (Lakh).	Paid-up capital. Rs. (Lakh).
1900-01	17	1,86	1,55
1905-06	24	2,74	1,90
1910-11	31	3,59	2,31
1915-16	42	8,83	5,09
1920-21	96	33,96	7,74
1925-26	128	32,88	10,75
1930-31	178	31,82	10,46
1935-36	187	57,51	9,10

TABLE 15.

Mills and Presses working on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (Lakh).	Paid-up capital. Rs. (Lakh).
1900-01	53	6,25	4,68
1905-06	59	8,76	5,93
1910-11	80	11,16	8,94
1915-16	84	12,52	10,18
1920-21	174	37,74	17,07
1925-26	255	41,89	25,25
1930-31	309	47,34	26,57
1935-36	339	51,98	26,05

TABLE 16.

Tea and other Planting Companies at work on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (Lakh).	Paid-up capital. Rs. (Lakh).
1900-01	134	3,75	3,28
1905-06	136	3,79	3,28
1910-11	151	4,34	3,36
1915-16	205	6,08	4,74
1920-21	356	11,88	7,10
1925-26	404	14,67	9,83
1930-31	479	17,26	12,37
1935-36	460	17,45	12,36

TABLE 17.

Mining and Quarrying Companies at work on 31st March.

Year.	Number of companies.	Authorised capital. Rs. (Lakhs).	Paid-up capital. Rs. (Lakhs).
1900-01	46	2,16	1,51
1905-06	63	3,42	2,55
1910-11	133	7,83	6,01
1915-16	160	8,23	6,46
1920-21	293	15,62	8,88
1925-26	299	19,13	13,12
1930-31	307	18,75	11,96
1935-36	290	16,84	10,35

TABLE 18.

Sugar Manufacturing Companies at work on 31st March.

Year.	Number of companies.	Authorised capital. Rs. (Lakhs).	Paid-up capital. Rs. (Lakhs).
1900-01	2	21	21
1905-06	1	16	16
1910-11	5	34	28
1915-16	6	44	29
1920-21	16	1,43	42
1925-26	20	1,66	78
1930-31	19	1,50	85
1935-36	62	4,73	1,80

TABLE 19.

Insurance Companies at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	18	76	7
1905-06	6	25	5
1910-11	79	12,36	98
1915-16	126	12,85	1,06
1920-21	51	33,66	..
1925-26	45	39,37	3,87
1930-31	77	23,70	2,05
1935-36	310	26,82	2,92

TABLE 20.

Printing, Publishing and Stationery Companies at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	..	..	..
1905-06	9	6	1
1910-11	17	21	12
1915-16	26	28	15
1920-21	48	98	35
1925-26	80	2,72	53
1930-31	106	3,87	1,19
1935-36	146	4,29	1,26

TABLE 21.

Chemicals and Allied Trades at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	..	..	..
1905-06	..	..	..
1910-11	..	..	..
1915-16	..	..	..
1920-21	36	2,12	67
1925-26	62	2,83	1,42
1930-31	99	3,77	1,89
1935-36	120	4,29	1,27

TABLE 22.

Iron, Steel and Ship Building Companies at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	.. ..	.. ..	.. ..
1905-06	.. ..	.. ..	.. ..
1910-11	.. ..	.. ..	.. ..
1915-16	.. ..	.. ..	.. ..
1920-21	.. 29	7,07	2,93
1925-26	.. 39	25,22	5,81
1930-31	.. 59	25,00	3,40
1935-36	.. 69	25,56	3,67

TABLE 23.

Engineering Companies at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	.. ..	.. ..	.. ..
1905-06	.. ..	.. ..	.. ..
1910-11	.. ..	.. ..	.. ..
1915-16	.. ..	.. ..	.. ..
1920-21	.. 40	4,50	3,19
1925-26	.. 54	5,75	3,29
1930-31	.. 75	7,17	3,50
1935-36	.. 92	9,16	4,41

TABLE 24.

Cotton Mills at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid up capital. Rs. (Lakh).
1900-01	.. 8	1,26	78
1905-06	.. 11	1,51	77
1910-11	.. 15	1,80	1,12
1915-16	.. 12	1,64	97
1920-21	.. 27	8,42	2,08
1925-26	.. 45	10,44	3,72
1930-31	.. 55	11,56	4,21
1935-36	.. 74	15,49	3,80

TABLE 25.

Jute Mills and Jute Presses at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	.. 20	3,89	3,03
1905-06	.. 27	5,81	4,42
1910-11	.. 36	7,79	6,69
1915-16	.. 39	9,03	7,80
1920-21	.. 59	24,17	13,64
1925-26	.. 81	25,19	18,92
1930-31	.. 95	29,16	19,89
1935-36	.. 104	29,86	19,85

TABLE 26.

Rice Mills at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1900-01	.. ..	..	..
1905-06	.. 1	.5	.35
1910-11	.. 1	.5	.36
1915-16	.. 3	2,5	.36
1920-21	.. 26	1,13	36
1925-26	.. 38	1,21	45
1930-31	.. 47	1,16	32
1935-36	.. 47	1,16	28

TABLE 28.

Hotel, Theatre and Entertainment Companies at work on 31st March.

Year.	No. of companies.	Aggregate authorised capital. Rs. (Lakh).	Aggregate paid-up capital. Rs. (Lakh).
1920-21	.. 17	1,93	29
1925-26	.. 42	3,60	1,54
1930-31	.. 74	3,50	1,23
1935-36	.. 105	4,00	1,28

(b) Growth of Private Companies.

TABLE 29.

List of Private Companies at work during the year

Year.	No. of companies.	Authorised capital. Rs. (Lakhs).	Paid-up capital. Rs. (Lakhs).	Average paid-up capital of each company. Rs. (Lakhs).
1917-18	145	10,51	2,91	2.00
1920-21	454	35,27	14,54	3.20
1925-26	727	58,23	34,16	4.69
1930-31	1,061	74,12	42,83	4.03
1935-36	1,467	89,22	47,68	3.11

TABLE 30.

Percentage of Private Companies to the total Joint Stock Companies in Bengal.

Year.	Total number of companies working at the close of the quinquennium ending	Total number of private companies at work.	Percentage of (2) to (1).
1917-18	1,033	145	14
1920-21	1,096	454	27.7
1925-26	2,810	727	24.8
1930-31	4,143	1,061	25.6
1935-36	4,916	1,467	29.6

TABLE 31.

Banking, Loan, Insurance and Investment Trust Companies working on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (1,000).	Paid-up capital. Rs. (1,000).
1917-18	1	20	10
1920-21	6	16,40	4,04
1925-26	14	13,15	5,38
1930-31	107	9,68,60	5,64,84
1935-36	159	13,49,13	9,01,68

TABLE 32.

Transport and Transit Companies working on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (1,000).	Paid-up capital. Rs. (1,000).
1917-18	6	21,50	..
1920-21	16	1,50,45	29,35
1925-26	22	1,40,60	82,45
1930-31	44	1,45,35	44,67
1934-35	61	4,31,43	50,50

TABLE 33.

Printing, Publishing and Stationery Companies working on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (1,000).	Paid up capital. Rs. (1,000).
1917-18	5	7,60	3,60
1920-21	10	20,85	7,45
1925-26	17	1,44,97	18,75
1930-31	36	1,63,27	86,05
1934-35	71	2,08,55	1,04,23

TABLE 34.

Chemicals and Allied Trade Companies working at the end of

Year.	No. of companies.	Authorised capital. Rs. (1,000).	Paid-up capital. Rs. (1,000).
1917-18	..	..	..
1920-21	9	20,05	5,49
1925-26	24	35,70	23,95
1930-31	37	1,11,09	30,09
1934-35	54	1,73,90	38,66

TABLE 35.

Engineering Companies working on 31st March.

Year.	No. of companies.	Authorised capital. Rs.(1,000).	Paid-up capital. Rs.(1,000).
1917-18
1920-21	..	14	1,20,28
1925-26	..	24	1,66,47
1930-31	..	25	2,31,62
1934-35	..	61	4,42,17

TABLE 36.

Jute Mills and Jute Presses working on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (1,000).	Paid-up capital. Rs. (1,000).
1917-18	..	4	24,50
1920-21	..	16	1,08,50
1925-26	..	18	1,09,95
1930-31	..	24	1,34,55
1934-35	..	29	1,75,05

TABLE 37.

Tea and other Planting Companies working on 31st March.

Year.	No. of companies.	Authorised capital. Rs. (1,000).	Paid-up capital. Rs. (1,000).
1917-18	..	10	54,10
1920-21	..	15	1,12,05
1925-26	..	25	1,31,80
1930-31	..	39	2,60,59
1934-35	..	40	2,43,50

TABLE 38.

Mining and Quarrying Companies working at the end of

Year.	No. of com- panies.	Authorised capital. Rs. (1,000).	Paid-up capital. Rs. (1,000).
1917-18	15	53,48	27,21
1920-21	41	2,41,65	49,12
1925-26	65	3,22,67	1,90,81
1930-31	100	4,72,84	2,06,08
1934-35	98	3,26,45	1,81,60

IV. A comparative study of Bengal's position.

12. While the foregoing tables indicate the progress of industrial undertakings in the various lines, a relative idea of progress can be obtained only with reference to the relevant all-India figures and data relating to other provinces. The following tables have been constructed with the figures furnished in the Reports on the Administration of Joint Stock Companies in India. The tables give the relative position of the different provinces. As compared to all-India, Bengal's position may be summarised as this:—

Year.	Percentage of the total number of companies working in India at the close of the year.	Percentage of the total volume of paid-up capital working in India at the close of the year.
1920-21	45.6	44.3
1925-26	46.2	38.5
1930-31	52.3	39.5
1933-34	49.6	44.2

Bengal's position so far as the number of companies in existence is concerned does not seem to have been maintained, while in respect of total paid-up capital, the position has remained unimpaired during the last 15 years. A special feature to be noticed in this connexion is that so far as the supply of capital or formation of capital is concerned, Bengal's position on the whole has been maintained. This is indicated by the respective percentages.

13. That in the matter of capital supply Bengal's position is not very satisfactory is demonstrated by Table No. 41, in which the average paid-up capital for each company in Bengal is shown to be Rs. 2.8 lakhs as against Rs. 3.2 lakhs for each company in India as a

whole. As compared to other provinces also, Bengal's paid-up capital for each company is not very satisfactory, for it is smaller than that in Bombay and United Provinces. The significance of a smaller paid-up capital for each company is that it presupposes relatively a smaller size of business concerns and consequent weakness in the matter of effecting economy in costs of production. Further as the figures show, the average paid-up capital for each company is gradually decreasing since 1925-26—a tendency which seems to indicate a decreasing supply of capital in Bengal.

TABLE 39.

Number of Companies at work on 31st March.

	1920-21.	1925-26.	1930-31.	1933-34.
Bengal	2,148	2,451	3,835	4,680
Madras	517	679	839	1,030
Bombay	872	804	1,051	1,182
United Provinces	204	228	236	311
Bihar and Orissa	50	76	96	110
Punjab	97	168	343	552
Delhi	42	64	134	183
Burma	190	264	284	194
Central Provinces and Berar	31	48	58	63
Assam	97	106	171	184
All-India	4,708	5,305	7,328	9,434

TABLE 40.

Total Paid-up Capital of all Companies at work on 31st March.

Province.	1920-21.	1925-26.	1930-31.	1933-34.
	Rs. (Lakhs).	Rs. (Lakhs).	Rs. (Lakhs).	Rs. (Lakhs).
Madras	9,28	12,33	14,98	15,19
Bombay	58,83	1,02,07	97,74	96,52
Bengal	72,90	1,06,46	1,11,59	1,33,20
United Provinces	3,08	12,78	11,47	8,46
Punjab	3,54	2,80	3,66	4,34
Burma	7,77	26,40	26,55	24,73
Bihar and Orissa	20	1,05	1,55	1,57
Central Provinces and Berar	44	1,28	1,06	1,19
Assam	43	59	97	97
Delhi	1,54	1,43	1,07	1,45
All-India	1,64,46	2,76,96	2,82,68	3,00,80

TABLE 41.

Average paid-up capital of a company.

	1920-21.	1925-26.	1930-31.	1933-34.
	Rs.	Rs.	Rs.	Rs.
	(Lakhs).	(Lakhs).	(Lakhs).	(Lakhs).
Bengal	3.3	4.3	3.0	2.8
Madras	1.8	1.8	1.8	1.5
Bombay	6.7	12.6	11.3	8.2
United Provinces	1.5	5.6	5.1	2.9
Bihar and Orissa .. ..	.4	1.4	1.6	1.4
Punjab	3.6	1.7	1.3	.8
Delhi	3.7	2.1	.9	.8
Burma	4.1	10.0	9.0	12.8
Central Provinces and Berar	1.4	2.7	2.0	1.9
Assam .. ..	.4	.5	.6	.5
All-India	3.5	5.2	3.7	3.2

TABLE 42.

Banking, Loan and Insurance Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs).	Aggregate paid-up capital. Rs. (Lakhs).
Madras	842	17,36	4,51
Bombay	195	35,42	7,41
Bengal	1,402	1,31,96	17,24
United Provinces	42	2,32	60
Punjab	107	5,22	83
Burma	20	1,68	1,04

TABLE 42A.

Transit and Transport Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs).	Aggregate paid-up capital. Rs. (Lakhs).
Madras	47	1.34	37
Bombay	75	16.89	11.41
Bengal	182	53.36	9.15
United Provinces	3	11	3
Punjab	8	8	2
Burma	11	1.54	1.04

TABLE 43.

Trading and Manufacturing Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs.)	Aggregate paid-up capital. Rs. (Lakhs.)
Madras	308	9,66	5,10
Bombay	513	56,61	31,37
Bengal	1,720	1,21,84	49,10
United Provinces ..	161	8,29	3,48
Punjab	360	7,27	1,50
Burma	13	6,11	36

TABLE 44.

Mills and Presses at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs.)	Aggregate paid-up capital. Rs. (Lakhs.)
Madras	83	8,20	3,53
Bombay	279	35,77	27,31
Bengal	327	50,27	26,56
United Provinces ..	31	8,79	3,03
Punjab	24	2,32	59
Burma	13	4,81	2,77

TABLE 45.

Tea and other Planting Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs.)	Aggregate paid-up capital. Rs. (Lakhs.)
Madras	37	165	1,15
Bombay	3	33	19
Bengal	465	17,61	12,43
United Provinces ..	2	22	11
Punjab .. ..	..	..	..
Burma	13	1,05	99

TABLE 46.

Mining and Quarrying Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs).	Aggregate paid-up capital. Rs. (Lakhs).
Madras	4	1,12	1
Bombay	23	12,14	10,68
Bengal	293	17,92	11,32
United Provinces .. ..	..	..	..
Punjab	4	27	1
Burma	23	28,03	16,87

TABLE 47.

Sugar (including Jaggery Manufacture) Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs).	Aggregate paid-up capital. Rs. (Lakhs).
Madras	5	71	26
Bombay	14	1,63	46
Bengal	54	7,46	1,42
United Provinces	46	6,52	1,08
Punjab	16	1,58	58
Burma .. ..	..	..	..

TABLE 48.

Estate, Land and Buildings Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs).	Aggregate paid-up capital. Rs. (Lakhs).
Madras	7	17	5
Bombay	27	13,54	5,74
Bengal	104	12,77	4,39
United Provinces	3	4	2
Punjab	2	38	36
Burma	16	63	51

TABLE 49.

Hotels, Theatres, Entertainments Companies at work on 31st March, 1933-34.

	No. of companies.	Aggregate authorised capital. Rs. (Lakhs).	Aggregate paid-up capital. Rs. (Lakhs).
Madras	32	30	7
Bombay	38	1,12	52
Bengal	99	3,79	1,34
United Provinces	12	26	9
Punjab	24	1,23	44
Burma	2	15	..

V. Company Failures in Bengal.

14. After the existing position of Bengal in the matter of companies of all categories has been analysed and also the relative progress *vis-a-vis* the rest of India assessed, the rate of the mortality of companies or in other words company failures ought to be analysed so that certain tentative conclusions may be reached as to the stability, working stamina or longevity of Bengal's industrial and other concerns. From the nature of the case, it should be remembered that although the analogy between vital statistics and statistics about company failures is interesting and seemingly pertinent, it is not really so. Human lives are definitely limited, for they decay with growing age and decline at some stage or other, while the life of a company is almost interminable and its strength and stability grow with passing years. At the same time it should be pointed out that companies which have an inherent weakness due to some reason or other will have to die in course of time under normal circumstances, if in the meantime this weakness is not removed by special efforts or by an exceptionally fortunate turn of events. Accidents may always happen and destroy even the soundest concerns. So while in the case of human lives an inevitable force works out their cessation in addition to accidental factors, in the case of companies accidents and the inherent deficiencies are alone responsible for their decay and death.

15. There is another dissimilarity between the two. While lives beget lives, companies do not beget companies in the same manner or at the same rate. Companies may be responsible for the promotion of other companies but it is only in a very indirect and remote way and there is no close and regular relationship between the two sets of concerns. So statistically a life table cannot be constructed, even if the life stories of all companies from birth through different stages were known in details. Necessarily we have attempted here to ascertain (i) the average age at which different companies ceased to exist and (ii) the rate of the mortality of different categories of companies in relation to the number of companies existing at the time and (iii) the wastage of capital involved by these failures.

16. From the tables it would appear that tea and other planting companies return the highest number of average years after which they went into liquidation, while banking, insurance and loan companies returned the lowest average. The mortality rate per 100 companies at work again is shown to be the highest in case of insurance companies (34·3 per cent.) next to which comes the case of sugar manufacturing companies. The lowest mortality rate is of the tea and other planting companies (7·5). The wastage of capital also through the failures of all categories of companies amounts to such a colossal figure as Rs. 40·7 crores.

TABLE 50.

Average number of years after which the companies ceased to exist from the date of registration.

Classes of companies.	Maximum years.	Minimum years.	Average years.
Banking, Insurance and Loan Companies	27	$\frac{1}{2}$	5·6
Trading and Manufacturing Companies ..	47	$\frac{1}{4}$	7·5
Mills and Presses	55	4	13·8
Transit and Transport Companies ..	34	1	11·8
Tea and other Planting Companies ..	21	1	17·5
Mining and Quarrying Companies ..	26	2	11
All companies .. ..	..	..	11·2

TABLE 51.

Rate of the mortality of companies per quinquennium per 100 working companies.

	Per cent.
All companies	12·5
Banking, Insurance and Loan Companies ..	13·2
Trading and Manufacturing Companies ..	13·46
Transport and Transit	16·1
Mills and Presses	12·1
Tea and other Planting Companies ..	7·48
Mining and Quarrying	13·9
Sugar Manufacturing Companies (including Jaggery)	23·3
Insurance Companies	34·3
Chemicals and Allied Companies ..	7·9

TABLE 52.

Company Failures in Bengal.

During the quinquennium ending—			Number of companies liquidated.	Paid-up capital. Rs. (Lakhs).
1905-06	..	..	60	51.1
1910-11	..	..	111	1,05.7
1915-16	..	..	162	1,60.4
1920-21	..	..	187	1,61.6
1925-26	..	..	414	8,83.7
1930-31	..	..	412	7,39.4
1935-36	..	..	779	19,69.7
			2,125	40,71.6

TABLE 53.

Rate of Company Failures.

During the quinquennium ending—			Company failures per 100 working.	Company failures per 100 registered.
1905-06	..	..	1.5	50.0
1910-11	..	..	17.5	37.0
1915-16	..	..	16.7	30.1
1920-25	..	..	11.1	14.7
1925-26	..	..	14.7	40.9
1930-31	..	..	10.0	26.2
1935-36	..	..	15.8	60.2
Average			12.5	37.0

TABLE 54.

Wastage of Capital till 1935-36.

		Number of companies liquidated.	Total Paid-up capital. Rs. (Lakhs).
Banking, Insurance and Loan Companies ..	..	355	7,68.03
Trading and Manufacturing Companies ..	..	926	15,53.6
Transport and Transit Companies ..	..	141	2,44.6
Mills and Presses .. ..	..	175	4,69.3
Tea and other Planting Companies ..	..	222	4,32.9
Mining and Quarrying Companies ..	..	218	5,23.3
Sugar Manufacturing (including Jaggery) ..	..	18	24.1
Chemicals and other Allied Companies ..	..	41	40.6
All companies ..	..	<u>2,125</u>	<u>40,71.6</u>

TABLE 55.

Banking, Insurance, Loan Companies.

Quinquennium ending—		Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06 ..	..	18	34.6	2.55
1910-11 ..	..	41	61.2	27.3
1915-16 ..	..	65	59.6	29.2
1920-21 ..	..	42	20.8	1.38
1925-26 ..	..	34	8.7	13.40
1930-31 ..	..	27	2.4	53.9
1935-36 ..	..	128	..	6,40.3
		<u>355</u>	<u>..</u>	<u>7,68.03</u>
Average ..	..	..	13.2	..

TABLE 56.

*Trading and Manufacturing Companies.**(Printers, Publishers, Chemicals, Engineering etc.)*

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. 10	7.7	8.2
1910-11	.. 26	12.2	6.5
1915-16	.. 43	13.9	7.6
1920-21	.. 56	11.3	47.5
1925-26	.. 192	17.4	423.0
1930-31	.. 273	18.3	433.1
1935-36	.. 326	18.2	627.7
	<hr/>	<hr/>	<hr/>
	926	..	15,53.6
Average	.. ..	13.46	..
	<hr/>	<hr/>	<hr/>

TABLE 57.

Transit and Transport (Railways, Tramways, Motor Tractor, Navigation and others) Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. 1	4.2	.012
1910-11	.. 4	12.9	16.9
1915-16	.. 7	16.6	2.75
1920-21	.. 7	7.3	18.35
1925-26	.. 35	27.3	35.64
1930-31	.. 50	28.1	1,06.75
1935-36	.. 37	19.7	64.2
	<hr/>	<hr/>	<hr/>
	141	..	2,44.60
Average	.. ..	16.6	..
	<hr/>	<hr/>	<hr/>

TABLE 58.

Mills and Presses.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	8	13.5	8.5
1910-11	10	12.5	..
1915-16	13	15.5	73.24
1920-21	11	6.3	33.13
1925-26	33	12.9	93.12
1930-31	37	11.9	99.76
1935-36	63	18.5	1,61.55
	<hr/> 175	<hr/> ..	<hr/> 4,69.30
Average	..	12.1	..

TABLE 59.

Tea and other Planting Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	13	9.5	13.8
1910-11	10	6.6	4.1
1915-16	7	3.4	1.36
1920-21	9	2.5	8.02
1925-26	53	13.1	1,04.9
1930-31	47	9.8	87.6
1935-36	83	17.0	2,13.2
	<hr/> 222	<hr/> ..	<hr/> 4,32.9
Average	..	7.48	..

TABLE 60.

Mining and Quarrying Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. 10	15.8	17.85
1910-11	.. 16	12.0	3.93
1915-16	.. 23	14.3	44.88
1920-21	.. 24	8.2	40.2
1925-26	.. 60	20.1	1,92.2
1930-31	.. ..	..	..
1935-36	.. 85	25.8	2,24.3
	<u>218</u>	<u>..</u>	<u>5,23.36</u>
Average ..	..	13.9	..

TABLE 61.

Sugar Manufacturing Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. ..	..	..
1910-11	.. ..	..	..
1915-16	.. 1	16.6	0.26
1920-21	.. ..	..	..
1925-26	.. 6	30	13.3
1930-31	.. ..	..	..
1935-36	.. 11	17.6	10.6
	<u>18</u>	<u>..</u>	<u>24.16</u>
Average ..	..	23.3	..

TABLE 62.

Insurance Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. ..	..	2.51
1910-11	.. ..	..	..
1915-16	.. 58	46.0	0.21
1920-21	.. 35	68.6	0.72
1925-26	.. 6	13.3	0.2
1930-31	.. 7	9.1	0.07
1935-36	.. 43	13.8	16.7
	<hr/>	<hr/>	<hr/>
	..	..	19.78
Average	..	34.3	..
	<hr/>	<hr/>	<hr/>

TABLE 63.

Chemicals and Allied Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. ..	..	..
1910-11	.. ..	..	..
1915-16	.. 1	50	..
1920-21	.. 1	2.7	..
1925-26	.. 5	8.1	14.32
1930-31	.. 16	16.1	19.79
1935-36	.. 18	15.0	6.5
	<hr/>	<hr/>	<hr/>
	41	..	40.61
Average	..	7.9	..
	<hr/>	<hr/>	<hr/>

TABLE 64.

Iron, Steel and Ship-building Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. ..	..	..
1910-11	.. ..	..	..
1915-16	.. ..	..	..
1920-21	.. ..	..	..
1925-26	.. 11	28·2	41·0
1930-31	.. 10	16·9	75·3
1935-36	.. 14	20·2	13·6
	35	..	129·9
Average .. ..	..	22·5	..

TABLE 65.

Engineering Companies.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	.. ..	..	..
1910-11	.. ..	..	..
1915-16	.. ..	..	..
1920-21	.. 2	5	8·13
1925-26	.. 9	16·6	13·0
1930-31	.. 16	21·3	38·13
1935-36	.. 22	23·8	38·2
	49	..	97·46
Average .. ..	..	21·4	..

TABLE 66.

Cotton Mills and Presses.

Quinquennium ending—		Number of companies liquidated.	Failure per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	..	..	..	..
1910-11	..	..	..	..
1915-16	..	4	33.3	14.71
1920-21	..	4	14.7	15.02
1925-26	..	3	6.6	26.22
1930-31	..	5	9.1	27.37
1935-36	..	13	19.6	36.9
		29	..	1,17.22
Average		..	15.9	..

TABLE 67.

Jute Mills and Presses.

Quinquennium ending—		Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06	..	..	..	..
1910-11	..	..	..	..
1915-16	..	8	20.5	56.62
1920-21	..	3	5.1	17.00
1925-26	..	5	6.2	2.79
1930-31	..	4	4.2	13.36
1935-36	..	6	5.8	31.95
		26	..	1,21.72
Average		..	9	..

TABLE 68.

Rice Mills.

Quinquennium ending—	Number of companies liquidated.	Failures per 100 working.	Paid-up capital. Rs. (Lakhs).
1905-06
1910-11
1915-16
1920-21	..	4	1.10
1925-26	..	6	4.64
1930-31	..	8	16.37
1935-36	..	13	4.1
	31	..	26.21
Average	..	16	..

VI. Causes of company failures.

17. Just like human lives, companies are susceptible to many ills for which sure remedies have not been found. Human science is ever engaged in inventing new remedies for overcoming diseases; likewise knowledge and experience are constantly devising new and improved methods of business management so that the mortality rate of companies may be low. Needless to say that no sure remedies have so far been devised. In the cases of both, casualties are many while in spite of constant efforts to standardise and perfect business methods new problems confront every business and an analysis of the causes of failures reveals that while lack of experience and technical knowledge or lack of capital has been responsible for many casualties, casualties due to dishonesty and planned attempts of designing persons to exploit the public have not also been few.

18. It is not possible to detail the causes of failure in individual cases, for the official records do not contain any information to that effect, for they give only the methods by which the companies go into liquidation. There are three ways in which the dissolution of companies takes place, namely,—

- (i) winding up by order of the Court,
- (ii) voluntary winding up, and
- (iii) removal of defunct companies from register under section 247 of the Indian Companies Act.

These are methods only and do not suggest specific causes for which the dissolution takes place. But a perusal of the relevant sections* of the Companies Act makes it clear that under the following main conditions, the companies cease to exist:—

- (a) Inability of the company to repay debts and meet commitments.
- (b) If the constitution of the company is proposed to be changed superseding what is allowed by law, e.g., decrease of members in case of private companies.

*Reference Appendices I, II and III.

- (c) If the court is convinced that the company is working in a manner which is not just and equitable from the standpoint of the society.
- (d) If the company defaults for some reason or other in filing the statutory report on holding the statutory meeting.
- (e) If the company voluntarily decides to wind up its business for whatever reasons it may be.
- (f) If the company does not carry on business at all.

19. Apart from voluntary winding up according to predetermined plan or choice, the conditions under which liquidation takes place originate generally from insufficient capital, inefficient or dishonest management, lack of technical knowledge and experience, etc. Dissolution is only the culmination of the processes of inefficiency due to various reasons and in many cases of dishonesty. Depression or more generally what may be termed as the vicissitudes of trade cycles are, of course, responsible for the dissolution of many companies, but as no detailed specific reasons for the dissolution of individual companies are preserved, no enumeration of causes with reference to particular cases is possible. The tabulation of the statistics of company failures under the three heads representing the three methods of winding up companies indicates that the largest number of companies went into dissolution under the voluntary clause while the number of company failures under section 247 comes very near to it. This indicates that mismanagement of finances or dishonest handling of the company's affairs was at the root of a large number of company failures.

20. There is another cause for which the number of company failures is often swollen. This is the ease with which mushroom and bubble companies can be promoted. In this connection some suggestive comments may be quoted here. "The constant formation of companies holding forward delusive principles and having no higher aim than to provide handsome incomes for pretentious managers and needy Directors—men who neither deserve success nor know the means of securing it (as very aptly put by Andras in his Historical Review of Life Assurance in Great Britain and Ireland)—has been a feature of recent times, as it was in Bengal during the years 1895 to 1899." The promoters form the Company but cannot "float" it with any financial success. They fail to realise that even the remote prospect of getting about Rs. 10,000 in 1,000 days would hardly benefit the company as the strength and profit earning capacity lies in its collectivity. But the articles of association may provide a "minimum" remuneration of Rs. 1,000 per month to the managing agent. Such remuneration may be paid by such a company with inadequate or no capital without bringing the directors and the managing agent within the boundaries of the Indian Penal Code because the payments would be *ultra vires* the Indian Companies Act. It might be contended that the shareholders ought to be cautious and take care of themselves. But average share-holders all over the world exceed 90 per cent. of the total number of share-holders and are proverbially unable to take care of themselves and the object of law is to protect these shareholders even from themselves:—

"Not infrequently fraud or lesser forms of dishonesty or improper dealing are combined with ordinary schemes of flotation with inadequate

capital. The Committee was of opinion that not only should the person whom the Court finds to have been guilty of fraudulent trading be subjected to unlimited personal liability, but any security over assets of the company held by him or on his behalf or previously held by him or on his behalf and assigned to any one save a bona fide holder for value should be charged with the liability; and that trading of this character should be made a criminal offence in the directors and should be a ground for disqualification to act as director, etc., of a company for a number of years. This has now been provided in section 141 A of the Indian Companies Act.

"Under the old Act, the public company had no difficulty in obtaining a certificate of commencement of business for which it was necessary to proceed to first allotment as soon as the minimum subscription was obtained and to file a declaration with the Registrar. But there was no statutory minimum limit to the minimum subscription and a very low limit was usually placed in the articles of association and in the prospectus.

"Under the Act as amended, the minimum subscription is defined to be the amount which, in the opinion of the Directors cover (a) the purchase price of any property to be purchased out of the proceeds of the issue of the shares, (b) the preliminary expenses, (c) commission for placing shares, (d) money borrowed in respect of the foregoing matters, and (e) working capital. The prospectus which is to be signed by the Directors is to contain the amount of the minimum subscription, but no statement is required to be contained therein to the effect that the minimum subscription stated in the prospectus is, in their opinion, sufficient to cover the items mentioned above".*

TABLE 69.

Banking, Insurance and Loan Companies.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06	18	1	..	17
1910-11	41	7	30	4
1915-16	65	21	35	9
1920-21	42	11	30	1
1925-26	34	16	18	..
1930-31	27	10	8	9
1935-36	128	83	26	19
	355	149	147	58
Percentage of total number	..	41.9	41.7	16.4

*Indian Companies Act, 1913,—1936 by N. K. Majumdar and R. K. Majumdar—PP. Cxi—Cxii.

TABLE 70.

Trading and Manufacturing Companies.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06	10	5	..	5
1910-11	26	10	12	4
1915-16	43	14	20	9
1920-21	56	24	32	..
1925-26	192	92	97	3
1930-31	273	126	92	55
1935-36	326	161	90	75
	<hr/> 926	<hr/> 422	<hr/> 353	<hr/> 151
Percentage of the total number	..	45·5	38·1	16·4

TABLE 71.

Transit and Transport Companies.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06	1	1	..	..
1910-11	4	1	4	..
1915-16	7	1	5	1
1920-21	7	3	4	..
1925-26	35	13	20	2
1930-31	50	18	20	12
1935-36	37	17	11	9
	<hr/> 141	<hr/> 54	<hr/> 64	<hr/> 23
Percentage of the total number	..	38·3	45·3	16·4

TABLE 72.

Mills and Presses.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06	8	5	..	3
1910-11	10	8	2	..
1915-16	13	5	3	5
1920-21	11	5	6	..
1925-26	33	24	7	2
1930-31	37	8	17	12
1935-36	63	35	17	11
	<hr/> 175	<hr/> 90	<hr/> 52	<hr/> 33
Percentage of the total number	..	51·4	29·7	18·9

TABLE 73.

Tea and other Planting Companies.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06	13	9	4	..
1910-11	10	7	3	..
1915-16	7	6	1	..
1920-21	9	5	4	..
1925-26	53	43	10	..
1930-31	47	37	5	5
1935-36	83	47	7	29
	<hr/> 222	<hr/> 154	<hr/> 34	<hr/> 34
Percentage of the total number	..	69·3	15·3	15·4

TABLE 74.

Mining and Quarrying.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06	10	3	..	7
1910-11	16	8	6	2
1915-16	23	14	5	4
1920-21	24	12	11	1
1925-26	60	41	16	3
1930-31 .. ..	..	..	..	..
1935-36	85	54	12	19
	<hr/>	<hr/>	<hr/>	<hr/>
	218	132	50	36
Percentage of the total number	..	60.5	22.9	16.6
	<hr/>	<hr/>	<hr/>	<hr/>

TABLE 75.

Sugar Manufacturing Companies.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06 .. ..	..	..	..	..
1910-11 .. ..	..	..	..	..
1915-16	1	..	1	..
1920-21 .. ..	..	..	..	..
1925-26	6	4	1	1
1930-31 .. ..	..	..	..	..
1935-36	11	5	1	5
	<hr/>	<hr/>	<hr/>	<hr/>
	18	9	3	6
Percentage of the total number	..	50	16.6	23.4
	<hr/>	<hr/>	<hr/>	<hr/>

TABLE 76.

Insurance Companies.

Quinquennium ending—		Number of companies liquida- ted.	Volun- tary liquida- tion.	Liquida- tion under section 247.	Liquida- tion by H. C. orders.
1905-06	.. ..	..	..	..	..
1910-11	.. ..	..	..	..	..
1915-16	.. ..	58	16	35	7
1920-21	.. ..	35	8	26	1
1925-26	.. ..	6	4	2	..
1930-31	.. ..	7	2	4	1
1935-36	.. ..	43	30	9	4

TABLE 77.

Printing and Publishing.

Quinquennium ending—		Number of companies liquida- ted.	Volun- tary liquida- tion.	Liquida- tion under section 247.	Liquida- tion by H. C. orders.
1905-06	.. ..	1	1	..	..
1910-11	.. ..	1	1	..	..
1915-16	.. ..	5	1	3	1
1920-21	.. ..	1	1	..	..
1925-26	.. ..	15	5	10	..
1930-31	.. ..	21	14	3	4
1935-36	.. ..	17	10	2	5

TABLE 78.

Chemicals and Allied Companies.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06
1910-11
1915-16	..	1	1	..
1920-21	..	1	..	1
1925-26	..	5	4	1
1930-31	..	16	12	3
1935-36	..	18	11	6

TABLE 79.

Iron Steel and Ship-building Companies.

Quinquennium ending—	Number of companies liquidated.	Voluntary liquidation.	Liquidation under section 247.	Liquidation by H. C. orders.
1905-06
1910-11
1915-16
1920-21
1925-26	..	11	7	4
1930-31	..	10	8	1
1935-36	..	14	7	5

TABLE 80.

Engineering Companies.

Quinquennium ending—		Number of companies liquida- ted.	Volun- tary liquida- tion.	Liquida- tion under section 247.	Liquida- tion by H. C. orders.
1905-06
1910-11
1915-16
1920-21	2	2	..
1925-26	9	4	4
1930-31	16	14	2
1935-36	22	8	6

TABLE 81.

Cotton Mills.

Quinquennium ending—		Number of companies liquida- ted.	Volun- tary liquida- tion.	Liquida- tion under section 247.	Liquida- tion by H. C. orders.
1905-06
1910-11
1915-16	4	2	..
1920-21	4	1	3
1925-26	3	2	1
1930-31	5	2	2
1935-36	13	6	6

TABLE 82.

Jute Mills.

Quinquennium ending—			Number of companies liquida- ted.	Volun- tary liquida- tion.	Liquida- tion under section 247.	Liquida- tion by H. C. orders.
1905-06	...	..	..	..	..	..
1910-11	..	..	..	..	..	..
1915-16	..	..	8	3	3	2
1920-21	..	..	3	1	2	..
1925-26	..	..	5	4	1	..
1930-31	..	..	4	1	3	..
1935-36	..	..	6	5	1	..

TABLE 83.

Rice Mills.

Quinquennium ending—			Number of companies liquida- ted.	Volun- tary liquida- tion.	Liquida- tion under section 247.	Liquida- tion by H. C. orders.
1920-21	..	..	4	3	1	..
1925-26	..	..	6	5	1	..
1930-31	-	..	8	4	2	2
1935-36	..	..	13	6	3	4

VII. Earnings of Companies.

21. In this country general ideas about the time which an industrial undertaking usually takes in reaching the stage of profit earning are not very clear. While some believe that Bengal possesses no native genius for business, there are others still whose number is very much larger and who think that provided that there is capital, financial success in business is guaranteed. This latter class of persons do not seem to base their supposition on any experience or careful study of the business concerns which have been successful or otherwise as the case may be. But general expectation is that things will turn out in this way. But the ways of business success are by no means short cuts, but very patient labour and cautious handling are necessary to ensure success at the end. Business success, as every business man should know, does not come automatically, for its attainment is dependent on so many factors both subjective and objective that even the most careful calculation based on considerations of relevant data and possibilities often fails to guarantee such success. In order to arrive at certain average conclusions as to how industrial companies generally fare, we consulted 450 balance sheets of companies which had come into existence during the quinquennium ending 1924-25 and another set of 400 balance sheets of companies which had been registered during the quinquennium ending 1913-14. From an analysis of the results contained in them, the following conclusions seem to suggest themselves.

TABLE 84.

How the companies have fared since the date of their registration.

	Number of balance sheets examined.	Companies which declared dividend.	Companies liquidated.	Private companies.	Working without declaring dividend.
Registered during the quinquennium ending 1913-14.	400	105	76	150	69
Percentage of the total number.	..	26.2	19	37.5	17.3
Registered during the quinquennium 1924-25.	450	127	77	175	71
Percentage of the total number.	..	28.8	17.5	39.7	14.0

22. It would appear that of all the companies both public and private even 30 per cent. have not reached a dividend earning stage. Taking only public companies, it is found that 42 per cent. and 48 per cent. during the respective periods have earned a dividend. The number of companies which are still struggling to attain the stage of profit earning is 17.3 per cent. and 14.0 per cent. respectively. If

only public companies were taken into consideration, the percentages would be 27.6 per cent. and 26.7 per cent. respectively.

An abstract of the results obtained.

	After how many years from the date of registration dividend was declared.		Size of the dividend declared.	
	Maximum.	Minimum.	Maximum.	Minimum.
Pre-war period ..	18	1	40	1
Post-war period	13	1	50*	1

*Two companies were found which declared dividend at the rates of 100 per cent. and 192 per cent. respectively after two years from the date of registration.

23. Evidently, the maximum and minimum do not give the real position. All that the figures suggest is that there were concerns which earned so big a dividend as 50 per cent. while there were others which earned only 1 per cent.; further it is indicated by the figures that in some cases only one year was required for attaining to the dividend earning stage while in other cases and in the majority of cases a period ranging from 6 to 13 or 18 years was required to reach the stage of dividend earning.

Taking averages, however, the following conclusions can be arrived at:—

TABLE 85.

Results on the basis of averages.

	Pre-war period.	Size of dividend. (Average.)	Post-war period.	
	After how many years dividend declared. (Average.)		After how many years dividend declared. (Average.)	Size of dividend. (Average.)
		Per cent.		Per cent.
Banking, Insurance and Loan companies ..	5	3	3½	11
Transport and Transit Companies ..	6	3½	5	4
Trading and Manufacturing ..	5	4½	4	6
Mills and Presses	3	15	2	16
Tea and Planting ..	5	5	4½	8
Mining and Quarrying ..	4	6	2	10

24. The average figures may have been unduly influenced by a long series of large numbers or small numbers as the case was but the tendency indicated is quite significant. It is that the position in the post-war period has definitely undergone a change for the better.

Appendices.

APPENDIX I.

Winding up by court.

162. A company may be wound up by the court—

- (i) if the company has by special resolution resolved that the company be wound up by the court;
- (ii) if default is made in filing the statutory report or holding the statutory meeting;
- (iii) if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;
- (iv) if the number of members is reduced, in the case of a private company, below two or, in the case of any other company, below seven;
- (v) if the company is unable to pay its debts;
- (vi) if the court is of opinion that it is just and equitable that the company should be wound up.

163. (1) A company shall be deemed to be unable to pay its debts—

- (i) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding five hundred rupees then due, has served on the company by *causing the same to be delivered by registered post or otherwise* (leaving the same—in the old Act) at its registered office, a demand under his hand requiring the company to pay the sum so due and the company has for three weeks hereafter neglected to pay the sum or to secure or compound for it to the reasonable satisfaction of the creditor; or
- (ii) if execution or other process issued on a decree or order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part; or
- (iii) if it is proved to the satisfaction of the court that the company is unable to pay its debts, and, in determining whether a company is unable to pay its debts, the court shall take into account the contingent and prospective liabilities of the company.

(2) The demand referred to in clause (i) of sub-section (1) shall be deemed to have been duly given under the hand of the creditor, if it is signed by an agent or legal adviser duly authorised on his behalf, or in the case of a firm if it is signed by such agent or by a legal adviser or any one member of the firm on behalf of the firm.

164. Where the High Court makes an order for winding up a company under this Act, it may, if it thinks fit, direct all subsequent proceedings to be had in a District Court; and thereupon such District Court shall, for the purpose of winding up the company be deemed to be "the court", within the meaning of this Act, and shall have, for the purpose of such winding up, all the jurisdiction and powers of the High Court.

APPENDIX II.**Voluntary winding up.**

203. A company may be wound up voluntarily—

- (1) When the period (if any) fixed for the duration of the company by the articles expires, or the event (if any) occurs, on the occurrence of which the articles provide that the company is to be dissolved and the company in general meeting has passed a resolution requiring the company to be wound up voluntarily;
- (2) if the company resolves by special resolution that the company be wound up voluntarily;
- (3) if the company resolves by extraordinary resolution to the effect that it cannot by reason of its liabilities continue its business, and that it is advisable to wind up and the expression "resolution for voluntarily winding up", when used hereafter in this part means a resolution passes under clause (1), clause (2) or clause (3) of this section.

204. A voluntary winding up shall be deemed to commence at the time of the passing of the resolution for voluntarily winding up.

APPENDIX III.**Removal of defunct companies from Register.**

247. (1) Where the Registrar has reasonable cause to believe that a company is not carrying on business or in operation, he shall send to the company by post a letter inquiring whether the company is carrying on business or in operation.

(2) If the Registrar does not within one month of sending the letter receive any answer thereto, he shall within fourteen days after the expiration of the month send to the company by post a registered letter referring to the first letter, and stating that no answer thereto has been received and that, if an answer is not received to the second letter within one month from the date thereof, a notice will be published in the local official Gazette with a view to striking the name of the company off the register.

(3) If the Registrar either receives an answer from the company to the effect that it is not carrying on business or in operation, or does not within one month after sending the second letter receive any answer, he may publish in the official Gazette, and send to the company by post a notice that, at the expiration of three months from the date of that notice, the name of the company mentioned therein will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.

(4) If, in any case where a company is being wound up, the Registrar has reasonable cause to believe either that no liquidator is

acting or that the affairs of the company are fully wound up, and the returns required to be made by the liquidator have not been made for a period of six consecutive months after notice by the Registrar demanding the returns, has been sent by post to the company, or to the liquidator at his last known place of business, the registrar may publish in the local official Gazette and send to the company a like notice as is provided in the last preceding sub-section.

(5) At the expiration of the time mentioned in the notice the Registrar may, unless cause to the contrary is previously shown by the company, strike its name off the register, and shall publish notice thereof in the local official Gazette of this notice, the company shall be dissolved: Provided that the liability (if any) of every director and member of the company shall continue and may be enforced as if the company has not been dissolved.

(6) If a company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the court, on the application of the company was at the time of the striking off carrying on business or in operation or otherwise that it is just that the company be restored to the registrar and thereupon the company shall be deemed to have continued in existence as if its name had not been struck off; and the court may by the order give such directions and make such provision as seem just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off.

7. A letter or notice under this section may be addressed to the company at its registered office, or if no office has been registered, to the care of some director, Manager or other officer of the company, or if there is no director, manager or other officer of the company whose name and address are known to the registrar, may be sent to each of the persons who subscribed the memorandum, addressed to him at the address mentioned in the memorandum.

DIAGRAMS.

DIAGRAM I.

Number of Joint-Stock Companies registered.

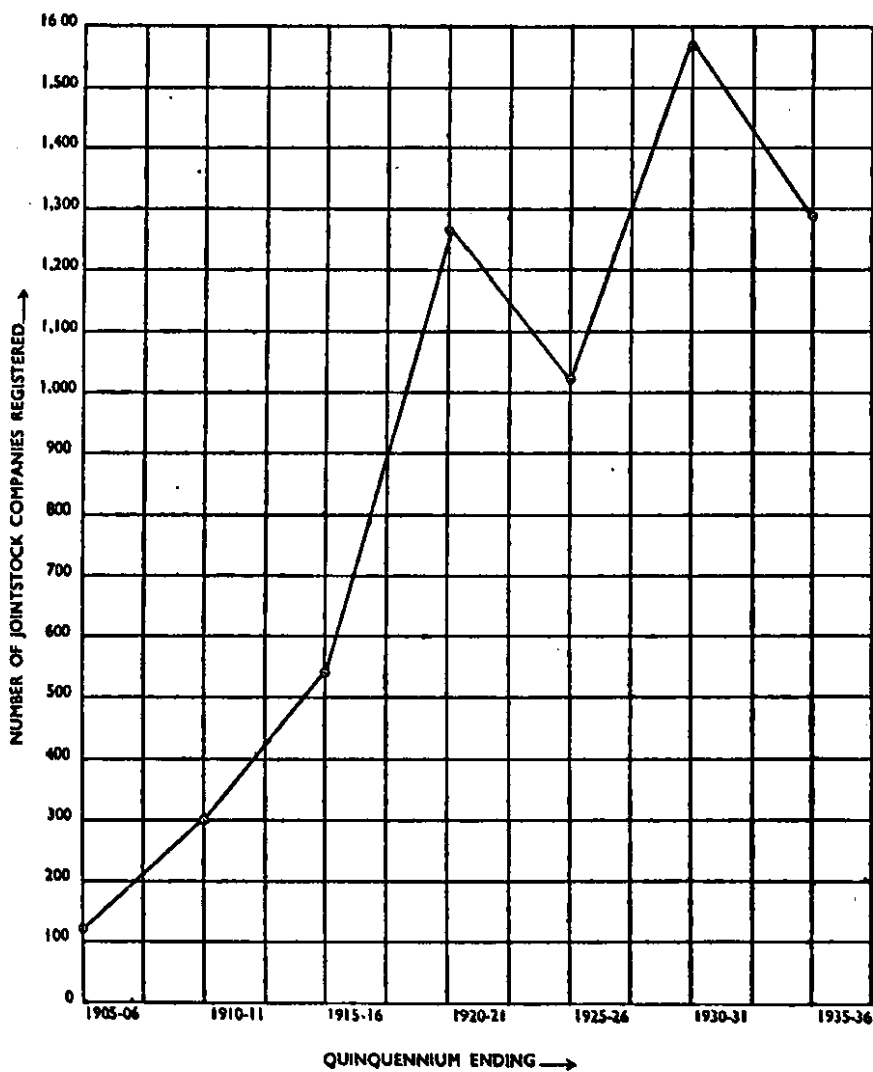


DIAGRAM II.
Number of Joint-Stock Companies at work.

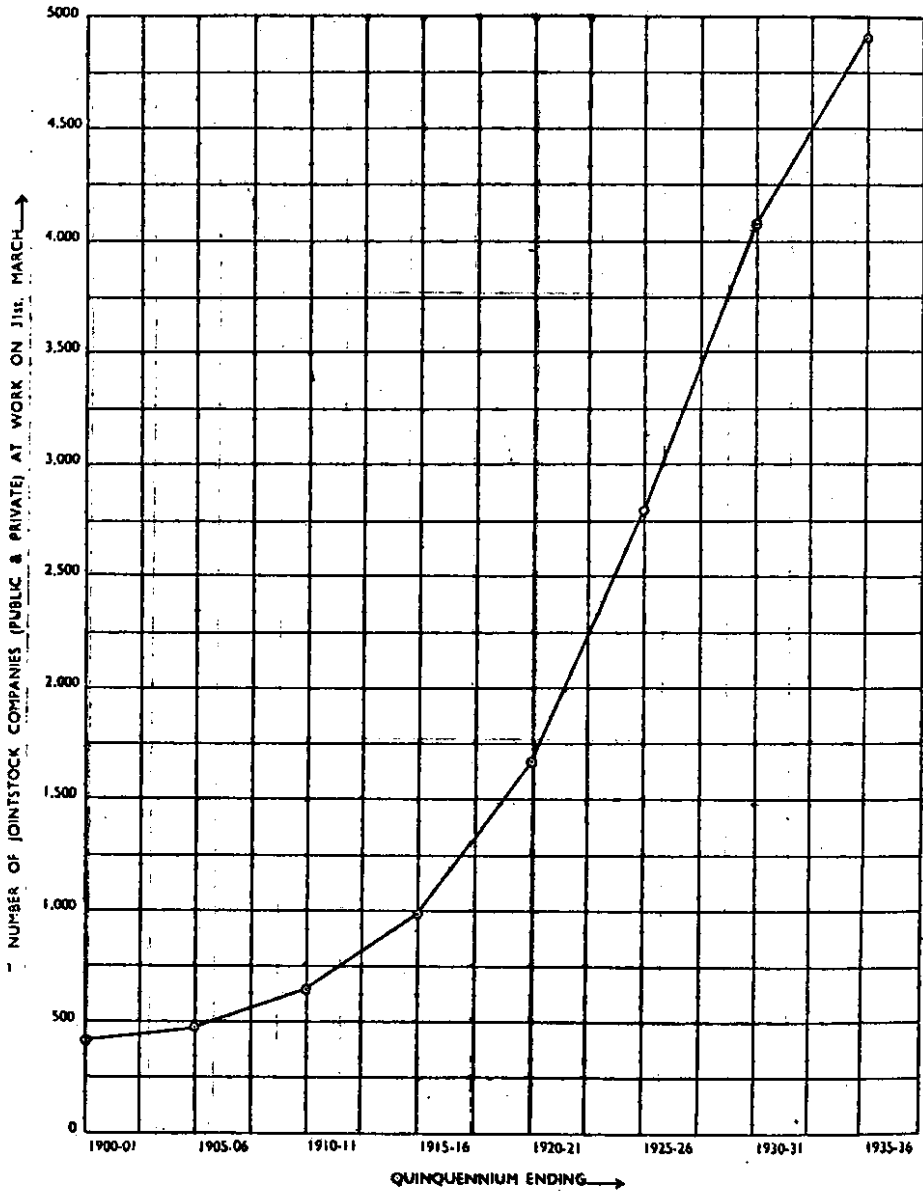


DIAGRAM III.

Capital of Joint-Stock Companies at work.

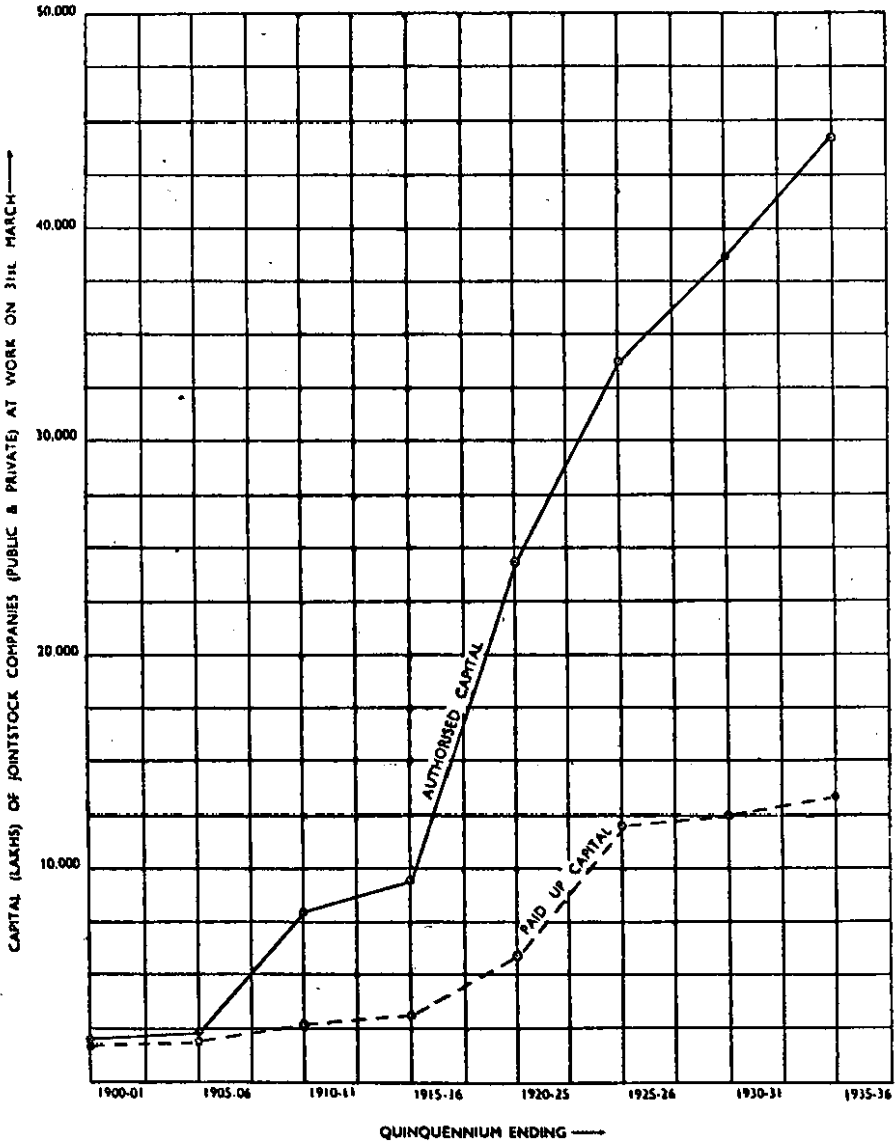


DIAGRAM IV.

Paid-up capital of Banking and Loan Companies at work.

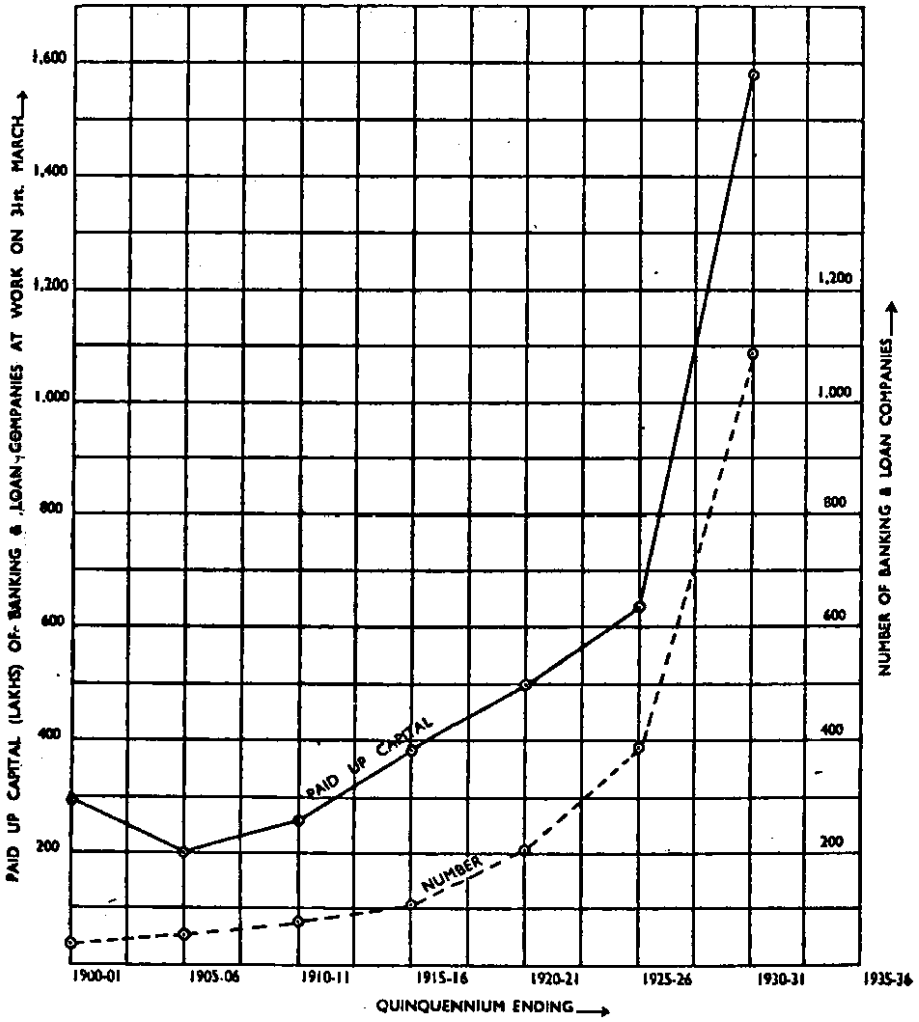


DIAGRAM V.

Paid-up capital of Jute and Cotton Mills in Bengal.

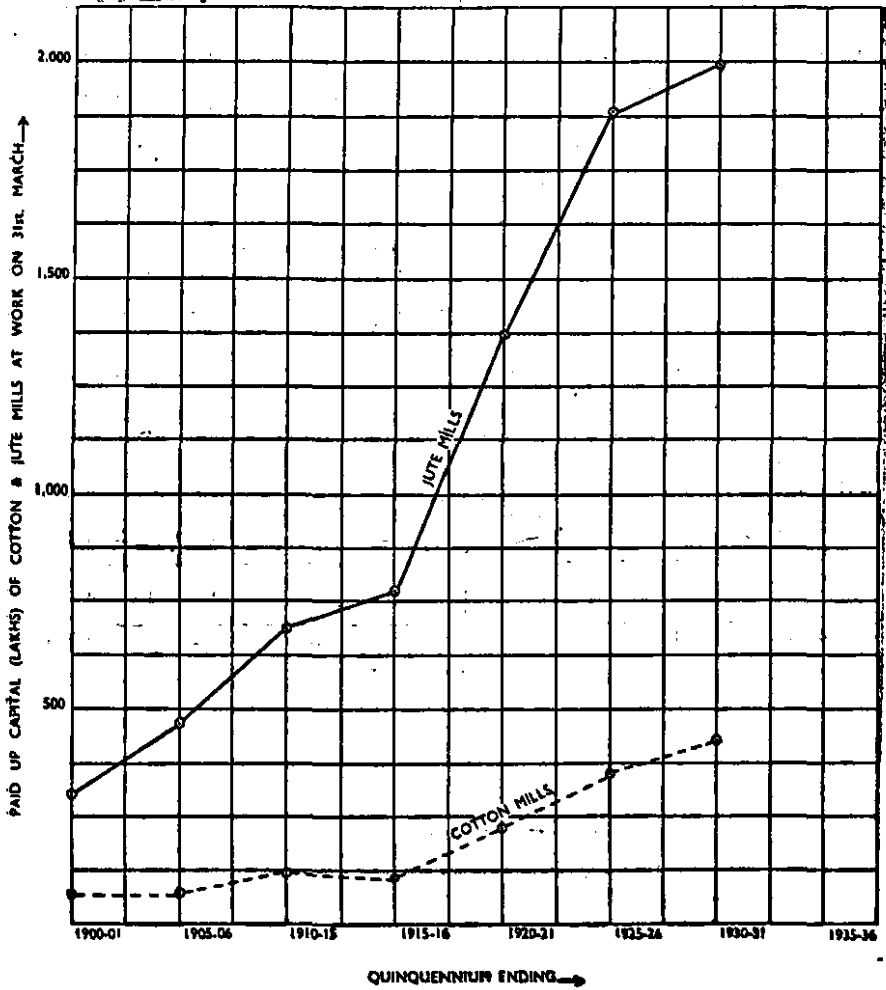


DIAGRAM VI.

Rate of company promotions and company failures.

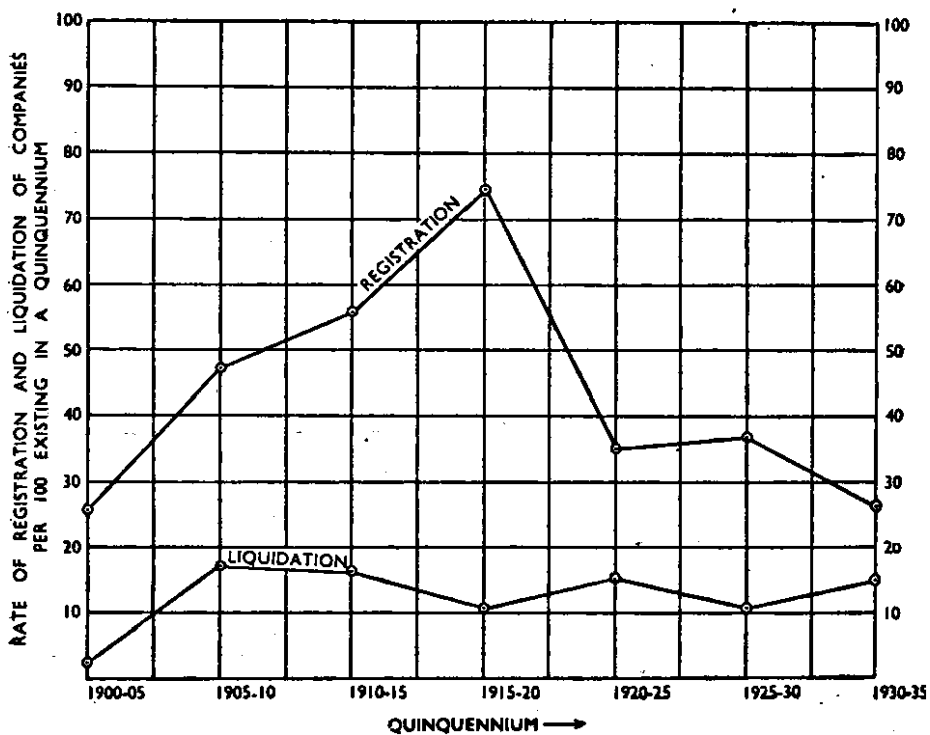


DIAGRAM VII.
NUMBER OF JOINTSTOCK COMPANIES OF BENGAL AND INDIA

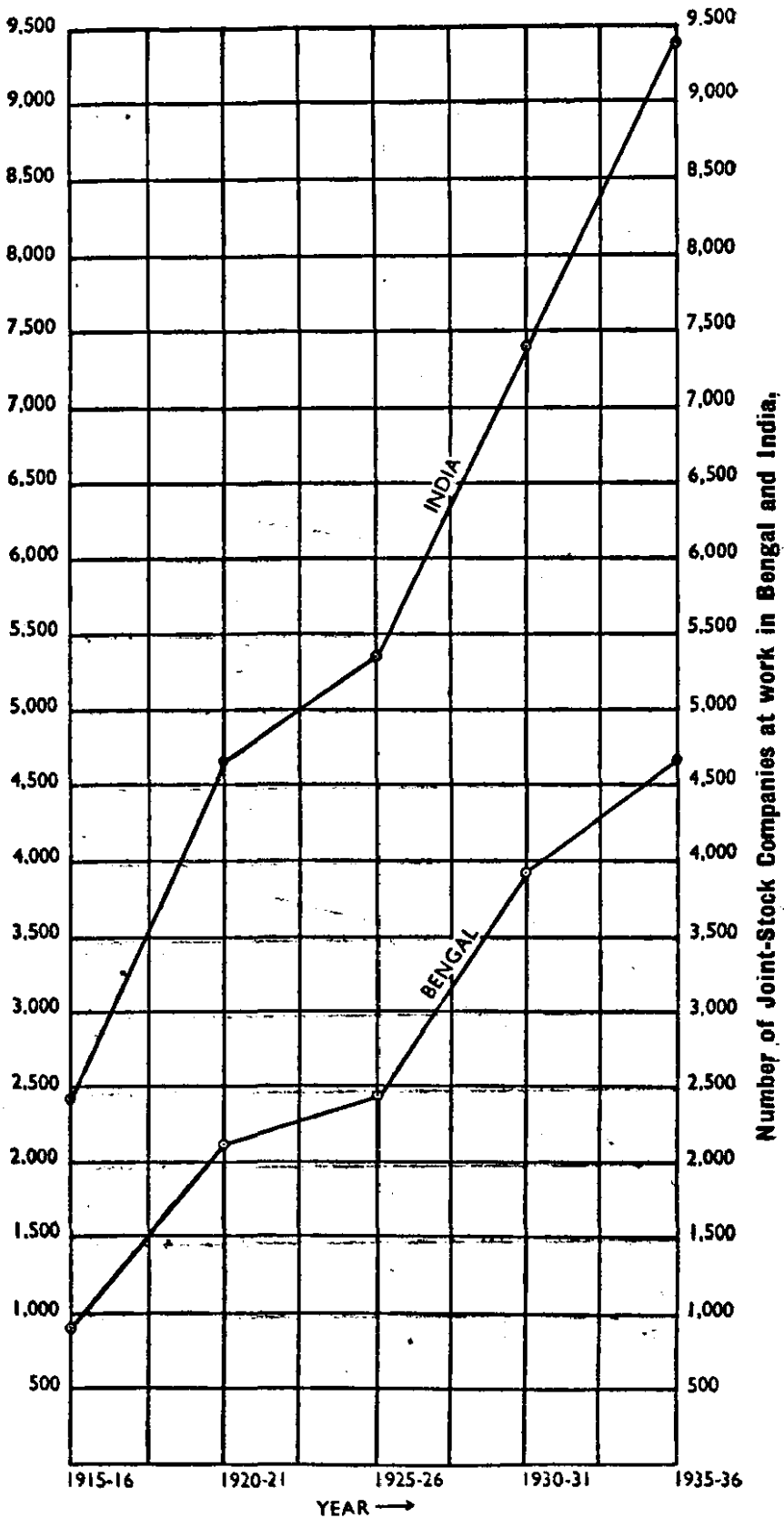
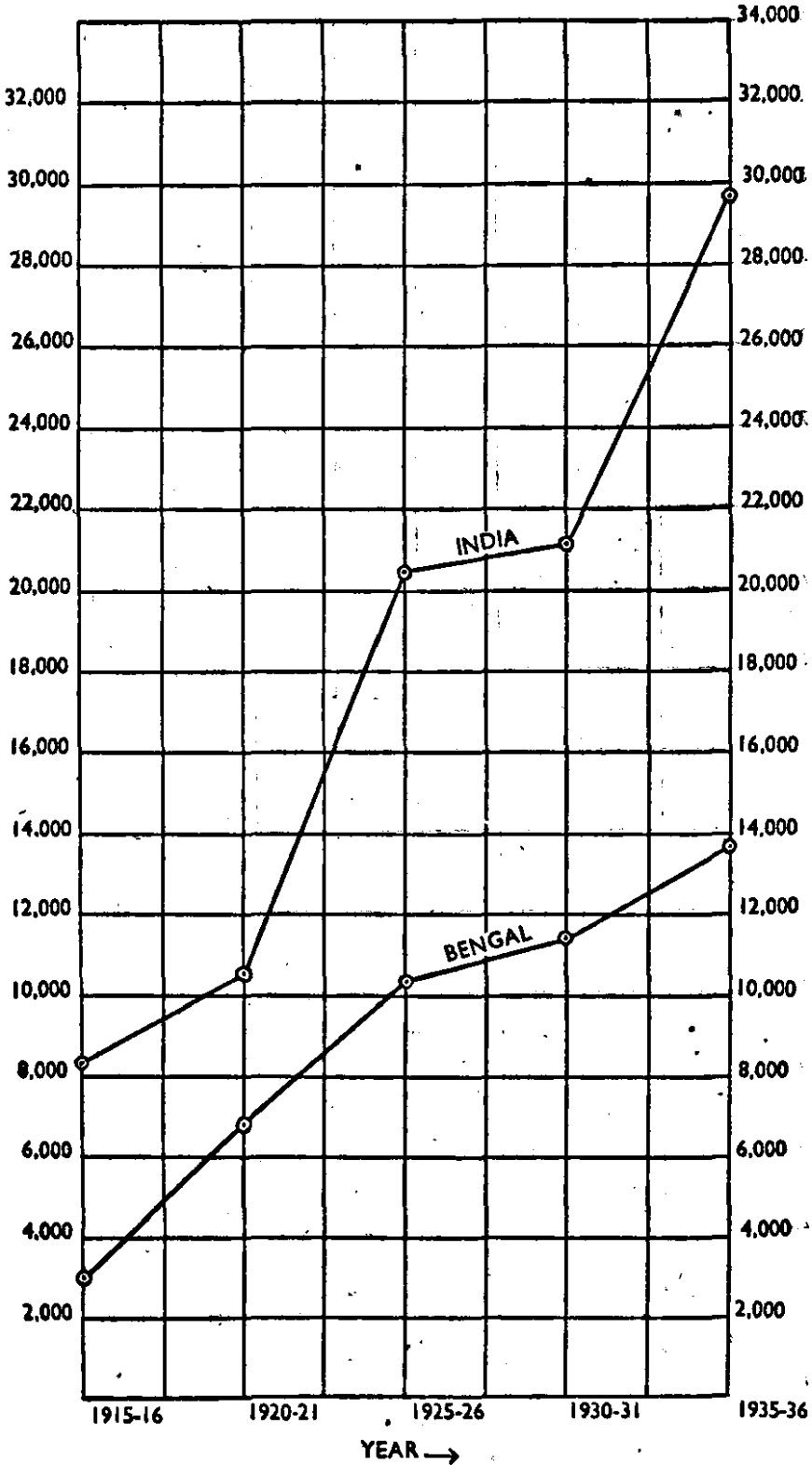


DIAGRAM VIII.

PAID UP CAPITAL (LAKHS) OF JOINTSTOCK COMPANIES OF BENGAL AND INDIA



Paid-up capital of Joint-Stock Companies at work in Bengal and India,

B. G. Press—1939-40—6551B—500.